

A STUDY OF MUTUAL INFLUENCE BETWEEN
UNDERWRITERS' MARKET VALUE AND
INITIAL PUBLIC OFFERS' RETURN IN HONG KONG

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ABSTRACT

In Hong Kong, there has been a relatively little effort put on researching Initial Public Offers (IPO), especially on subjects that are related to underwriters' reputation. In this project, we investigate the impact of underwriters' market value on their IPO initial period performance, and vice versa. It was found that substantial increase in the common stock price of an underwriter is associated with substantial positive first-day return of the corresponding IPO. Similarly, significant underpriced IPOs are usually associated with an increase in the underwriters' stock prices. This indicates that market expectations on over-pricing or under-pricing of a forthcoming IPO tend to be reflected in the underwriter's stock price. Also, an IPO initial period performance is perceived as the report for the underwriter and it will affect the underwriter's market value. Moreover, it was also found that Hong Kong stock market is quite inefficient because the influence of IPO initial return on the underwriter's stock price is only significantly detected a few days after the listing day. Thus, if an IPO experiences a positive return just after listing day, the market inefficiency (delay) can be utilized to make profit, in the way of buying the underwriter's share shortly before market value of the underwriter responds to the positive effect of IPO's return.

TABLE OF CONTENT

ABSTRACT	ii
TABLE OF CONTENT	iii
LIST OF TABLES.....	v
LIST OF FIGURES	v
ACKNOWLEDGMENTS.....	vi
INTRODUCTION.....	1
CURRENT SITUATION	1
DESCRIPTION OF INITIAL PUBLIC OFFERS	2
INITIAL PUBLIC OFFERS VERSUS OTHER FLOATATION METHODS	3
IPO PROCEDURES AND REQUIREMENTS IN HONG KONG	4
AUTHORITIES RELATED TO INITIAL PUBLIC OFFERS	6
STATISTICS OF INITIAL PUBLIC OFFERS IN HONG KONG FROM 1990 TO 1994	6
SPONSOR.....	7
UNDERWRITER.....	7
LITERATURE REVIEW	10
PREVIOUS STUDIES ON IPO.....	10
LIMITATIONS OF PREVIOUS STUDIES ON IPOs IN HONG KONG	11
SCOPE AND SIGNIFICANCE OF THE STUDY	12
DATA SOURCES AND SAMPLE DESCRIPTION	14
DATA SOURCES.....	14
SAMPLE DESCRIPTION	15
RESEARCH METHODOLOGY.....	18
OBJECTIVES	18
NEUTRALIZATION OF THE EFFECTS OF HSI AND DIVIDEND	19
ASSUMPTIONS	20
FRAMEWORK OF ANALYSIS	21
STATISTICAL METHODS	21
<i>i. First Layer - Correlation Model</i>	<i>22</i>
<i>ii. Second Layer - Regression Model.....</i>	<i>23</i>
DATA ANALYSIS AND FINDINGS	25
PREDICTABILITY OF IPO PERFORMANCE.....	25
<i>i. Empirical Evidence.....</i>	<i>25</i>
<i>ii. Framework Of Offer Period.....</i>	<i>26</i>
<i>iii. Correlation Coefficient.....</i>	<i>26</i>
<i>iv. Regression Model.....</i>	<i>27</i>
<i>v. Implications.....</i>	<i>31</i>
IMPACT OF FIRST-DAY IPO RETURN ON UNDERWRITER'S MARKET VALUE	33
<i>i. Empirical evidence.....</i>	<i>33</i>
<i>ii. Framework of Offer period.....</i>	<i>34</i>
<i>iii. Correlation coefficient.....</i>	<i>34</i>
<i>iv. Regression model</i>	<i>35</i>
<i>v. Implications.....</i>	<i>37</i>

SEPARATION OF LEAD-UNDERWRITERS AND CO-UNDERWRITERS..... 38

i. Lead-underwriters..... 38

ii. Co-underwriters..... 41

iii. Implications 41

CONCLUSIONS..... 42

FURTHER CONSIDERATIONS 45

APPENDIX..... 47

BIBLIOGRAPHY 69

LIST OF TABLES

1. General Requirements For Listing In Hong Kong..... p.5
2. Statistics Of IPO In Hong Kong From 1990 To 1994..... p.7
3. IPOs With Listed (in SEHK) Underwriters From 1990 to 1994..... p.16
4. Underwriters And Their Corresponding Parent Companies..... p.16
5. SPSS Results Of Linear Regression For Offer Period..... p.28
6. SPSS Results Of Multiple Regression For Offer Period..... p.29
7. SPSS Results Of Linear Regression For Post-Listing Period.....p.36
8. Spss Results Of Linear Regression Between Day -9 Return Of Lead-
Underwriters And Ipo First-Day Return In Offer Period.....p.39
9. Spss Results Of Linear Regression Between Ipo First-Day Return
And Day 2 Return Of Lead-Underwriters In Post-Listing Period.....p.40

LIST OF FIGURES

1. Framework For Analysis..... p.21
2. Framework For Offer Period Analysis..... p.34
3. Framework For Post-Listing Period Analysis..... p.41

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CHAPTER I

INTRODUCTION

Current Situation

Flotation by means of Initial Public Offer (IPO) has been very successful in the early 1990's in Hong Kong. Among the 229 new issues between 1990 and 1994, only 9 of them are slightly under-subscribed with the remaining successfully raised their required capital amount to HK\$47.5 billion.¹

During the "hot issue" period² in 1993, there were 63 flotations in Hong Kong raising \$28 billion. At that time, around \$2.25 trillion was in the scramble for scrip, and the average over-subscription ratio was as high as 129.2. It should have been a happy story, with the pages of the financial press reporting the healthy of investment of Hong Kong's style.

In the same year, a number of H-shares (issued by PRC companies) was first launched in Hong Kong, and the over-subscriptions of these IPOs were abnormal high with the peak of "Tsingtao Brewery" issue which was over-subscribed 110 times. Not longer after, "Kunming Machine Tool Company Ltd." was also over-subscribed 627 times.

¹Undersubscription of IPOs between 1990 and 1994 in Hong Kong included : 1991 - Giordano Holdings (-0.13); 1992 - Shun Cheong Holding Limited (-0.88), National Mutual (-0.29); 1993 - Sun Hung Kai Convertible (-0.67); 1994 - Dah Bang Printing (-0.2), Ideal Pacific (-0.2), Wing Fai (-0.78), Oriental Metals (-0.41) and Florens Group (-0.4).

²"Hot issue" period refers to a period of time within which there are a lot of IPOs clustered (see "The markets problems with the pricing of initial public offerings" by Roger G. Ibbotson and Jody L. Sindelar, Jay R. Ritter (1988)).

IPO has become one of the main focuses in the territory's financial market, hence it induces that many PRC companies are planning to raise capital in Hong Kong.

Description of Initial Public Offers

If a company prospers and needs additional equity capital for its expansion, it is desirable to go public by selling stock to a large number of diversified investors. It is because publicly traded stock of a company has greater liquidity, which allows the company to raise capital on more favorable terms than if it is privately held. Then IPO provides one of the ways that companies can achieve this objective.

Indeed, IPO in Hong Kong refers to a company which has never listed on any stock exchange but chosen to list on The Stock Exchange of Hong Kong (SEHK) through "Offer for Subscription", and /or "Offer for Sale" ³.

³"Clauses (7.01 - 7.08) of Rules governing the Listing of Securities" by The Stock Exchange of Hong Kong Limited (1993).

Initial Public Offers Versus Other Floatation Methods

Besides IPO, companies may choose to float their shares through the following methods⁴ :

i. Placing

Placing refers to offer of shares for sale to the issuer itself or intermediary primarily from or to persons selected or approved by the issuer or intermediary. However the SEHK may not permit a new applicant to be listed by this way if there is likely to be significant public demand for the securities.

ii. Introduction

Introduction refers to offer of shares to the public in Hong Kong by companies which already listed in other overseas exchange. Through this flotation method, no marketing arrangements are required because the securities are already widely held that their adequate marketability when listed can be assumed. But this method is generally limited to companies which already have a wide shareholder base.

iii. Demerger from a listed company

Demerger from a listed company is differed from the above two methods. It usually relates to "Right Issue" and it is an offer by way of rights to existing holders of securities which enables those holders to subscribe securities in proportion to their existing holdings. All right issues must be fully underwritten.

⁴"Clauses (7.09 - 7.22) of Rules governing the Listing of Securities" by The Stock Exchange of Hong Kong Limited (1993).

IPO Procedures And Requirements In Hong Kong

Regarding to IPO Procedures and requirements in Hong Kong, we must firstly know who can be qualified, and what are the requirements and procedures. In Hong Kong, a private company is defined that it has no more than 50 shareholders, also it is restricted the transferability of its shares, i.e. it cannot offer its shares to the public. On the other hand, there is no formal definition for a public company, however a public company is by default one that does not meet the above mentioned requirements. Nevertheless, only public companies can apply for listing.

In Hong Kong, a capital duty of 0.6 per cent is required on authorized share capital and any premium on issue of shares. Because of it, most businesses are now restructured prior to listing in Bermuda⁵.

Actually, the IPO process takes about four to five months. During the IPO process, the applicant must appoint a sponsor to act as a channel of communication with the exchange (role of a sponsor can be referred to sections below). The sponsor must apply to the exchange for advance booking at least forty days before bulk printing of the prospectus, and the draft prospectus must be submitted to the SEHK for approval. At least three days before bulk printing, formal application for the listing must be submitted to the Listing Committee for approval⁶.

The requirements for listing are summarized as follows (see Chapter 8, Rules Government the Listing of Securities by SEHK):

⁵As at March 1993, there were 186 listed companies incorporate in Bermuda and 26 incorporated in the Cayman Islands. <Figures are provided by Peregrine Investment Holding - Research Library>.

⁶"Rules governing the Listing of Securities" by The Stock Exchange of Hong Kong Limited (1993).

TABLE 1

GENERAL REQUIREMENTS FOR LISTING IN HONG KONG.

Fields of Requirements	Three years' track record
Latest audit accounts	Not more than six months prior to listing document
Market value of issuer	HK\$100 million
Value of shares held by public	HK\$50 million
Percentage of shares held by public	25% (10% if issuer's capitalization is over HK\$4 billion)
Number of shareholders	Three for each HK\$1 million of issue, minimum 100
Market value of class of securities listed	HK\$50 million
Shareholder conflict of interest	Not allowed
Voting rights of shares ⁷	Equal

After SEHK revised the rules, now an issuer may not change its main business during the year following listing, and it is aimed at stopping the informal listing by injecting capital into a "shell" company, as many of these examples were driven by PRC companies in the early 1993, and caused a series of speculation activities.

Overseas companies seeking a listing in Hong Kong are also welcomed, provided that their country of incorporation has the same standard of shareholder protection as that in Hong Kong.

⁷During the early 1990s, there were "A" and "B" shares issued in Hong Kong, and they did not have equal voting rights. But SEHK is no longer permit companies to issue "B" shares any more.

Authorities Related To Initial Public Offers

The Stock Exchange of Hong Kong (SEHK) and the Securities and Futures Commission (SFC) are the two authorities which handle all the IPO matters. The SEHK (Listing Division and Listing Committee) is responsible for the daily approving activities and administration. On the other hand, SFC is quite similar to the "Court of Appeal". Now SFC and the Companies Registrar⁸ are no longer involved in daily approval of the prospectus.

Before February of 1993, SEHK has the power to approve all applications for listing, and it also has the power to determine the timing and price of each IPO⁹. However the rules were revised and now the exchange's Listing Committee no longer has the power in setting the price of an IPO.

Statistics of Initial Public Offers In Hong Kong From 1990 To 1994

Between 1990 and 1994, there were 229 IPOs in Hong Kong. Totally they raised HK\$41.8 billion for the new issues with the five year average subscription ratio staying high at 69.73 (see Table 2). Sizes of all IPOs (229) were about or exactly 25% of the corresponding market capitalization, which indicates the conservative attitude of Hong Kong businessmen to float their companies on the exchange. It is because some of them were just to float their companies for fame and some of them were intended to exert certain degree of market manipulation by holding more shares.

⁸Companies Registrar was only involved in the approval of prospectus before 1993.

⁹In 1984, Elec & Eltek Company Limited IPO's price was suppressed by the exchange at \$2, which was much lower than the expected market value \$3.5, and induced a lot of complaints about the authority.

TABLE 2

STATISTICS OF IPO IN HONG KONG FROM 1990 TO 1994.

Year	1990	1991	1992	1993	1994	Total
Number of IPOs	13	49	54	63	50	229
Amount raised (HK\$ million)	1703	5515	9060	21825	9406	47509
Average subscription ratio	10.32	17.57	69.48	129.15	61.69	69.73

Sponsor

An IPO applicant must be sponsored by a member of the SEHK, issuing house, merchant bank or any party which is acceptable by the SEHK. The roles of a sponsor include preparing the new applicant for listing, for lodging the formal application for listing and all supporting documents with the SEHK and for dealing with the SEHK on all matters arising in connection with the application. Usually sponsors would also be the underwriters of an IPO in recent history (Hong Kong).

Underwriter

Public offers of shares for subscription must be underwritten, but there is no specific underwriting license in Hong Kong. Underwriter can be in the form of 1) underwriting as a principal (i.e. lead or managing underwriter), or 2) inviting other parties to underwrite (i.e. co-underwriters).

Underwriters provide the critical information linking between issuers and investors¹⁰, and they set the offering prices based on 1) financial condition (market timing), and 2)

¹⁰See Smith (1986) for an interview of the initial public offering process and the role of underwriters.

investment prospects of the issuers¹¹. They also ascertain investor demand for the issue. Therefore, underwriters must act fairly to both issuers and investors and set the offering price which would be accepted by both parties. However pricing of initial public offers (IPOs) is a difficult task, because there is no observable market price prior to the offering, and many of the issuing firms have limited operating history. So, if the price is set too low, the issuer does not get the full advantage of raising capital through IPO. However, if the price is set too high, then investors will get an inferior return and may reject the offering.

In order to protect the issuers and ensure them successfully raising capital, underwriters are obligated to bear risks by purchasing issuer shares at a negotiated value before reselling shares to the public. However, they are still exposed to legal action if there is misrepresentation of material information. Moreover, underwriter's reputation would be hurt with a record of overpriced offering because investors would be unwilling to accept an overpriced offering from an underwriter (see Booth and Smith (1986), Megginson and Weiss (1991) and Beatty and Ritter (1986)).

On the other hand, underwriters are protected by a "force majeure" clause. By which they may be relieved of their obligations in case of significant unforeseen circumstances. The "force majeure" clause was introduced after "Cheung Kong Holding" launched a HK\$10 billion rights issue immediately prior to the crash in October 1987; the underwriters had to subscribe for the shares themselves at a price significantly above the market value.

The first case of applying "force majeure" clause can be traced back to June 1989 when Hopewell Holdings launched a HK\$3.8 billion rights issue immediately before a

¹¹see Booth and Smith (1986) on the certification and information gathering role of underwriters. Other ways in which information asymmetry problems between issuers and potential subscribers may be reduced include: signaling through IPO underpricing (Allen and Frauharber (1989), Grinblatt and Hwang (1989) and Welch (1989), involvement of venture capitalists (Megginson and Weiss (1991)) and auditors (DeAngelo (1981)).

crash. The underwriter successfully applied the clause and avoided the unexpected lost.

CHAPTER II

LITERATURE REVIEW

Previous Studies on IPO

Despite there are extensive amount of research looking at the topic of IPO, a large portion focuses on the three well-known phenomenon. They are 1) short-term underpricing and 2) long-term poor performance, and 3) hot-issue period. Papers documenting the underpricing of IPOs include Ibbotson (1975), Ritter (1984) and Paul McGuinness (1992), and papers mentioning the hot-issue period include Roger G. Ibbotson and Jody L. Sindelar, Jay R. Ritter (1988). However these studies on valuation of IPOs were not decisive because there have been so far more theories (e.g. winner's curse, adverse selection, periodic over-optimism, momentum) than empirical evidences.

Underwriters' reputation and its important role in certification have also received some attention in recent literature (see Booth and Smith (1986), Megginson and Weiss (1991), Beatty and Ritter (1986) and Carter and Manaster (1990)¹²). However these papers have either disregarded the risk to underwriters, or considered only the proceed risk faced by them¹³. Two papers have mentioned the issue of underwriter incentives

¹²Booth and Smith (1986) on the certification and information gathering role of underwriters. Other ways in which information asymmetry problems between issuers and potential subscribers may be reduced include: signaling through IPO underpricing (Allen and Frauharber (1989) and Welch (1989)), involvement of venture capitalists (Megginson and Weiss (1991)).

¹³Among these the signaling models (Allen and Frauharber (1989) and Welch (1989) and the adverse selection model by Rock (1986) on the underpricing of IPOs assume that underwriters face no proceeds risk since offerings are oversubscribed in equilibrium. In Benveniste and Spindt (198), there

to fulfill their obligations and the potential penalties for mispricing IPOs (see Beatty and Ritter (1986) and Tinic (1988)).

Beatty and Ritter (1986) mentions that underwriter will have incentives to fulfill their obligations and act honestly to both issuer and investor, and there exists an equilibrium of IPO underpricing. It also mentions that mispricing (either overpriced or underpriced) would affect underwriters' reputation and cause them to lose market share in their underwriting business.

In addition to such market penalties. Ibbotson (1975) and Tinic (1988) suggest that underwriter may be vulnerable to investor lawsuits, resulting in IPOs being underpriced as a form of insurance against such legal liability. However subsequent research has raised doubts about the evidence regarding loss of reputation capital and the potential for legal liability resulting from mispriced offerings. Anyway this makes it interesting enough for us to look at the topic more deeply.

Limitations of Previous Studies on IPOs in Hong Kong

In the 1980s, Hong Kong stock market had not attracted many overseas or local applicants of listing their companies in the territory, i.e. only 119 IPOs were recorded between 1980 and 1989. Besides, there are relatively few studies of IPOs in Hong Kong, it may be due to the small size of the Hong Kong stock market.

Most existing researches on Hong Kong IPOs are conducted in association with markets in neighboring countries such as Japan or the Asian countries. Daeson and Hiraki (1985) compares the primary market efficiency of Hong Kong with Japan, and

are no failed offerings and IPOs are priced and partially presold to regular clients of the underwriter prior to the offering date.

Dawson (1987) compares the secondary stock market performance of IPOs in Hong Kong with Singapore and Malaysia. Both studies document the underpricing phenomenon over the period of 1978-1984. Paul McGuinness (1992) has the similar argument by looking at the period of 1980-1990 and also he has tested a number of related hypotheses. Richard Y.K.Ho, Y.L.Cheung and S.L.Cheung (1993) studies the impact of changing of listing requirement to the level of underpricing. All these studies tend to concentrate on the matter of underpricing and it lacks of research or discussion on the role of underwriter and its impact to the IPO performance, even though everyone knows that underwriter is critical to the successfulness of an IPO.

Scope and Significance of The Study

There is a trend of studying IPOs from the point of view of financial advisors. From the above sections, we learn that underwriters are really critical to the successfulness of an IPO. Then, this report uses another point of view to focus on the topic, as we believe that underwriters' reputation and common stock return may be somehow related to the IPO performance. Our framework bases on the 229 Hong Kong IPOs that took place between 1990 and 1994, to explore the relationship between underwriters and IPO initial performance.

We believe that IPO initial return may be predictable on the basis of the underwriter's stock return. The reason is that if investors expected a forthcoming IPO to be mispriced, this would tend to be reflected in the underwriter's common stock price prior to the listing date. If this is true, then underwriter common stock excess return prior to the listing date was a significant predictor of IPO initial return.

In another dimension, IPO initial excess return would also be a predictor of an underwriter common stock return. In the analysis, we will have a complete picture on

the mutual dependence between underwriter's market value (reputation) and the corresponding IPO initial return.

As a result, this project provides a valuable reference or base for future studies. Besides, one can make use of the outcomes from this project to predict the IPO initial performance and make profit. However it must be reminded that the sample size used in the project is not large enough, thus the project only provides a primitive study and foundation for further research in the area.

CHAPTER III

DATA SOURCES AND SAMPLE DESCRIPTION

Data Sources

In the project, background information of each IPO and the corresponding underwriter, underwriters' daily stock prices, Hang Seng Index daily quote, IPOs' Offering price and subscription ratios are needed. The information is obtained from the following sources :

- Annual reports and Wardley Cards;
- PACAP database in UNIX system;
- Reuters On-Line Database;
- Daily Quotation of Hong Kong Stock Exchange;
- Newspaper Cutting and microfilms;
- Research materials from Peregrine Capital Library.

Sample Description

To obtain the sample used for our analysis, we started to look at the newspapers (i.e. SCMP and Hong Kong Economic Times) to collect a complete set of 229 IPOs in our period of interest (see Appendix I). Then the figures and information obtained were checked with the information from Peregrine Capital Library and Sakura Finance (Asia) Limited.

However, obtaining full information of underwriters for each IPO was still difficult. In our sample, there was some missing information, e.g. a full list of lead-underwriters and co-underwriters for Oriental Power, Hsin Chong Construction and Chevalier Development. Thus, it made the sample size reduce to 226 IPOs.

As the project was going to study the mutual impact between underwriters' stock prices and IPOs' return, therefore those IPOs with listed sponsor were required to extract from population. Nevertheless, since there were not many sponsors listed in Hong Kong Stock Exchange, therefore those sponsors with listed parent companies were still considered in this project for sake of sufficient sample size.

Yet, not all the samples were useful because some of them involved non-listed (SEHK) underwriter e.g. Standard Charter, Anglo Chinese, Nomura, etc., this made the research unable to have the underwriter's daily stock price for analysis. Moreover, some samples involved listed underwriter (or their parent companies are listed) with a limited (or not significant) underwriting business, therefore IPO performance would not have any significant effects on their stock prices, e.g. Wardley of HSBC, CEF Capital of Cheung Kwong, etc. Hence these IPOs were excluded from our sample because of the aforesaid reason. Then, our sample size was much reduced to 78 IPOs.

TABLE 3

IPOs WITH LISTED UNDERWRITERS ON SEHK FROM 1990 TO 1994

	1990	1991	1992	1993	1994	Total
Peregrine	2	11	14	15	4	46
Seapower			1	2		3
South China			1	1	1	3
Lippo Asia		1	1	3	4	9
Sun Hung Kai International		2	2	1	2	7
Union Bank			1			1
Jardine Fleming		2	4	2	1	9
Total	2	16	24	24	12	78

As some underwriters are not 100% wholly-owned by the corresponding listed parent companies, a table of names of sponsors, names of parent companies, and the corresponding company interest is shown in Table 4 below for reference.

TABLE 4

UNDERWRITERS AND THEIR CORRESPONDING PARENT COMPANIES

Parent Companies	Underwriters (Sponsors)	Company Interest
Peregrine Investments Holdings Ltd.	Peregrine Capital Limited	100%
South China Brokerage Co. Ltd.	South China Brokerage Co. Ltd.	100%
Sun Hung Kai & Co. Ltd.	Sun Hung Kai & Co. Ltd.	100%
Lippo Ltd.	Lippo Asia Ltd.	100%
Jardine Matheson Holdings	Jardine Fleming	50%
Union Bank of Hong Kong Ltd.	Union Bank of Hong Kong Ltd.	100%

Seapower International Holdings Ltd.	Seapower Resources International Ltd.	37.11%
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Moreover, since ten days before and after the IPO listing date are considered as "period of research", therefore periods between IPOs cannot be overlapped in order to avoid mutual contamination. For these 78 IPOs, 53 samples for pre-listing study¹⁴ and 54 samples for post-listing study¹⁵ were "non-overlapping", in the sense that there was a minimum separation of twenty trading days between the offering dates of IPOs under same underwriter.

Twelve of the remaining samples were eliminated due to the present of important news about their underwriters (or their parent companies). As it might cause unexpected changes of returns during aforesaid study period. For example, on 21st June of 1994, Peregrine Investments Holdings Limited revealed that the company would take part in the bond market of China which was a growing market as financial sectors in China, is reforming, therefore that news ironically favored the stock price of Peregrine Investments Holdings Limited although the first-day IPO return of China Pharmaceutical (underwritten by Peregrine) showed a loss of 12%. Ultimately, 41 IPOs for pre-listing study and 42 IPOs for post-listing study were finalized. (see Appendix II). For most of the empirical analysis below, we will utilize this non-overlapping and non-contaminating sample.

For daily stock prices of underwriters, those data were extracted from PACAP database by a series of SAS programs. However, PACAP database only contains data before 1993, therefore the data after 1992 was obtained from the On-line Database of Reuters and checked with Daily Quotation of Hong Kong Stock Exchange..

¹⁴Pre-listing study refers to study the dependance between IPO initial period performance and its corresponding underwriter(s) common stock price return(s) before the IPO listing date.

¹⁵Post-listing study refers to study the dependance between IPO initial period performance and its corresponding underwriter(s) common stock price return(s) after the IPO listing date.

CHAPTER IV

RESEARCH METHODOLOGY

Objectives

Basically, a set of research methods has been formulated in order to achieve the following research objectives in this project :

- i. To verify mutual effect between underwriter's performance and IPO initial period performance, if any.
- ii. To find out the linear relationship between underwriter's performance and IPO initial period return if mutual effect exists.

Throughout the project, underwriter's performance and IPO initial period performance are measured by its daily stock return and IPO first-day return respectively.

The mathematical expressions are shown below :

Daily stock return of an underwriter, $R_t = \frac{P_t - P_{t-1}}{P_{t-1}}$

where

P_t = Stock price of an underwriter on date t

Initial Public Offering return¹⁶, $I_t = \frac{I_{t1} - I_{t0}}{I_{t0}}$

where

I_{t1} = First-day closing price of a company on date t

I_{t0} = Price of Initial Public Offering of a company on date t

Neutralization of the Effects of HSI and Dividend

Since betas of underwriters used in the project are all approximately equal to 1 (see Appendix III), therefore company risk of these underwriters can be simply considered as equal to the market (HSI) risk. Therefore, in the calculations below, the underwriters' common stock returns were adjusted accordingly to the HSI fluctuation.

Besides, underwriter's stock price will drop suddenly when dividend is paid out, so stock return should be adjusted by adding back the corresponding dividend for calculation. For example, Lippo (underwriter) announced to pay a dividend of 15 cents per share on 28th September 1993 and cause the stock price dropped by the same amount at that day. Indeed the return on that day is zero, and therefore 15 cents should be added back to the stock price for calculating the daily return.

Because of the above reasons, stock returns of underwriters has to be neutralized by HSI return and occasional dividend payout. The neutralized returns of underwriters can be refer to Appendix II.

¹⁶The conclusions regarding underpricing seem to be fairly insensitive to the length of the initial return interval, and whether (or how) market risk adjustments are made. For evidence on this, see Robert Miller and Frank Reilly, "An Examination of Mispricing, Returns, and Uncertainty for Initial Public Offerings," *Financial Management* (Summer 1987), 33 - 38 and Chris Barry and Robert Jennings, "The Opening Price Performance of Initial Public Offerings of Common Stock," *Financial Management* (Spring 1993), 54 - 63.

Assumptions

In the project, a number of assumptions has been made for the sake of reducing complexity and increasing sample size. They include :

- i. All underwriters are homogenous;
- ii. If only parent company of an underwriter is listed in HKSE or a parent company does not have 100% interest, then performance of the underwriter is assumed to be totally reflected in stock price of its parent company;
- iii. Effects of those businesses, other than IPO business of an underwriter, are all neglected¹⁷;
- iv. Daily stock returns of a company are mutually independent;
- v. Daily stock returns of a company are unpredictable by simply looking at its stock price;
- vi. Investors, in general, perceive that underpricing of an IPO is the success of an underwriter; whereas overpricing of an IPO will be considered as failure of an underwriter.

¹⁷After we have considered the news about each underwriter during sample selection, we assume that influences from other non-IPO related business is minimal and thus we simply ignore them for the reason of simplicity.

is used to verify invisible relationship between them and the significance. The details of the two-tier statistical methods are discussed below.

i. First Layer - Correlation Model

Calculation of correlation coefficient will be used for primarily checking of the strength of linear relationship between underwriters' performance and IPO initial return, therefore the inducement of changes (either positive or negative) in IPO return by the underwriter performance can be illustrated, or vice-versa.

Nevertheless, there is an additional assumption made. First, it is assumed that the observations come from a bivariate normal distribution, i.e. underwriters' performance and IPO return are both normally distributed. The numerical formula of correlation coefficient is defined as follows :

$$\text{Pearsonian Coefficient of correlation, } r = \frac{\sum_{i=1}^n P_{t,i} I_i}{n s_p s_I}$$

where

$P_{t,i}$ = Underwriter's performance on t days before IPO data i

I_i = Return of Initial Public Offering on date i

s_p = Standard deviation of an underwriter's performance

s_I = Standard deviation of return of Initial Public Offering

The coefficient of correlation varies from -1 to +1. Perfect positive correlation, where an increase in P_t determines exactly an increase in I_t , yields a coefficient of +1. For perfect negative correlation, where an increase in P_t determines exactly a decrease in I_t .

ii. Second Layer - Regression Model

After primarily checking correlation coefficient, linear regression will be used to evaluate the linear relationship between underwriters' performance and IPO return, and understand its significance.

Firstly, the most significant daily stock return of an underwriter will be selected and it will regress with first-day IPO return, it is stated as follows :

$$(1) \quad I_i = a + b * MP_{t,i} \quad \text{or}$$

$$(2) \quad MP_{t,i} = a + b * I_i$$

where

$$\begin{aligned} I_i &= \text{Return of Initial Public Offering on date } i \\ MP_{t,i} &= \text{The most significant daily stock return of an} \\ &\quad \text{underwriter on } t \text{ days before IPO date } i \end{aligned}$$

Then, multiple regression can be used for determining the total effect of return of an underwriter to IPO return during offer period (ten trading days). However, it is not applicable in post-listing period (ten trading days) because only one independent variable (i.e. first-day IPO return) exists. The multiple regression model is shown below.

For offer period with ten trading days

$$I_i = F (P_{10,i}, P_{9,i}, P_{8,i}, P_{7,i}, P_{6,i}, P_{5,i}, P_{4,i}, P_{3,i}, P_{2,i}, P_{1,i})$$

where

- I_i = Return of Initial Public Offering on date t
- $P_{t,i}$ = Return of an underwriter on t day(s) before IPO date i of a company
- $F()$ = A function with independent variables $P_{10,i}, P_{9,i}, \dots, P_{1,i}$ that generated from multiple regression model

CHAPTER V

DATA ANALYSIS AND FINDINGS

Predictability Of IPO Performance

i. Empirical Evidence

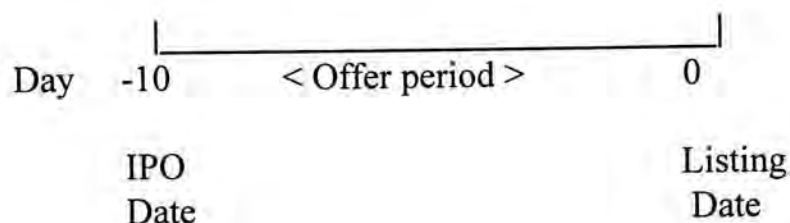
Out of total 41 samples shown in Appendix II a, there are about 17 samples showing that stock returns of underwriters rose on IPO date and first-day returns of the corresponding IPOs were positive at the same time. Similarly, there are about 4 samples showing that stock returns of underwriters dropped and first-day returns of the corresponding IPO were negative at the same time.

As a result, the preliminary observation implies that there may exist a relationship between underwriters' performance during offer period and first-day IPO return. According to the Chapter of "Research methodology", a two-tier statistical testing will be adopted to verify this kind of relationship below.

ii. Framework Of Offer Period

FIGURE 2

FRAMEWORK FOR OFFER PERIOD ANALYSIS



First of all, daily returns during offer period had been calculated as shown in Appendix II a.

iii. Correlation Coefficient

According to the formula of calculating correlation coefficient in the Chapter of "Research Methodology", we set

I_i = a set of First-day return of IPO on date i

$P_{t,i}$ = either neutralized return of an underwriter on day -10, day -9, or day -1 with an IPO on date i

By using SPSS statistical package and 41 samples, the result is generated as shown in Appendix IV.

It shows that first-day IPO return has the greatest correlation coefficient (0.5) with p-value is 0.001, therefore it is statistically significant that first-day IPO return has correlation with return of Day -10 (i.e. first day of offer period).

iv. Regression Model

Since the return of Day -10 of underwriters has the most significant effect on first-day IPO return (I_t), hence a linear regression is used to find out the relationship between them.

According to formula (1) of regression model in the Chapter of "Research Methodology", we set

$MP_{t,i}$ = data in the column of neutralized return on day -10
(see Appendix II a)

I_i = data in the column of First-day IPO returns
(see Appendix II a)

return of day -1 to day -10 on the first-day IPO return. A brief result is shown as follows.

TABLE 6

SPSS RESULTS OF MULTIPLE REGRESSION FOR OFFER PERIOD

Multiple R = .63259
 R Square = .40017
 Adjusted R Square = .20023
 Standard Error = .41109

Analysis of Variance

	DF	Sum of Squares	Mean Square
Regression	10	3.38237	.33824
Residual	30	5.06994	.16900

F = 2.00143 Signif F = .0694

----- Variables in the Equation -----

Variable	B	SE B	Beta	T	Sig T
Day -10 return	16.759406	4.568626	.571804	3.668	.0009
Day -9 return	6.943589	4.274372	.266790	1.624	.1147
Day -8 return	-.094763	.147353	-.130753	-.643	.5250
Day -7 return	1.299849	3.040436	.071482	.428	.6721
Day -6 return	4.846875	5.075769	.197328	.955	.3473
Day -5 return	-5.627243	3.383538	-.277773	-1.663	.1067
Day -4 return	3.402117	4.856260	.122241	.701	.4890
Day -3 return	-.002552	.108142	-.003477	-.024	.9813
Day -2 return	-4.861476	3.872529	-.204832	-1.255	.2190
Day -1 return	-.228966	2.747004	-.013909	-.083	.9341
(Constant)	.229794	.089095		2.579	.0150

$$\text{Equation : } I_i = a + b_1P_{10,i} + b_2P_{9,i} + \dots + b_{10}P_{1,i}$$

where

b_1	=	16.759406	(t-value = 3.67)
b_2	=	6.943589	(t-value = 1.62)
b_3	=	-.094763	(t-value = -.643)
b_4	=	1.299849	(t-value = .955)
b_5	=	4.846875	(t-value = .428)
b_6	=	-5.627243	(t-value = -1.66)
b_7	=	3.402117	(t-value = .701)
b_8	=	-.002552	(t-value = -.024)
b_9	=	-4.861476	(t-value = -1.26)
b_{10}	=	-.228966	(t-value = -.083)
a	=	229794	(t-value = 2.58)

After comparing t-values of coefficient with respective significant t-values, we found that the coefficients of b_1 , b_2 , b_3 , b_5 , b_6 , b_7 are statistically significant, i.e. returns of day -10, -9, -8, -6, -5, and -4 has significant effect on first-day IPO return, nevertheless return of day -10 has the greatest effect among all.

v. Implications

Based on the result generated from the above model, this actually raises the possibility that IPO initial returns may be predictable on the basis of underwriter's stock returns prior to the offering date.

From the calculation of correlation coefficient, the result shows that there exists a positive inducement between underwriters' stock return (the most significant one is the first day of offer period) during the offer period and first-day IPO return. Therefore, if return of an underwriters indicates a positive one on the first day during offer period, then the IPO (underwritten by the underwriter) will also show a positive return. Similarly, negative stock return of an underwriter in offer period will imply negative IPO return.

One of reasons for explaining the above phenomenon is that if investors expected a forthcoming IPO to be mispriced, it would tend to be reflected in stock price of an underwriter during offer period because market only reacted to the confirmed information (.e.g. subscription ratio¹⁹) during the offer period. During offer period, the market consensus will perceive whether the IPO is over-valued or under-valued. If the market investors perceive that an IPO is over-valued during offer period, then the underwriter will bear some reputation capital and its market value will drop accordingly, and the first-day return of the over-valued IPO is most likely negative. However, if the market investors perceive that an IPO is under-valued during offer period, then the underwriter will gain the benefit of having good relationship with general investors and its market value will rise accordingly, although issuers may dissatisfy with the underpricing, the underwriter may deal with the issuer not as frequently as investors, so the influence from investors is greater than that from issuer. Also, it is certain that first-day return of an under-valued IPO is positive.

According to rules of SEHK, an underwriter cannot change the offering price of an IPO during offer period, therefore the underwriter cannot adjust the offering price to suit the market demand (book running). As a result, the value of first-day IPO return or the extent of underpricing of an IPO is totally unpredictable during the offer period. Based on certain assumptions, mutual direction changes between underwriter's market value and first-day return of an IPO , and an empirical equation between them from the fundamental analysis are used to indicate the direction only.

¹⁹ Subscription ratio of an IPO is an important signal for the degree of underpricing of an IPO.

Impact of First-day IPO Return on Underwriter's Market Value

i. Empirical evidence

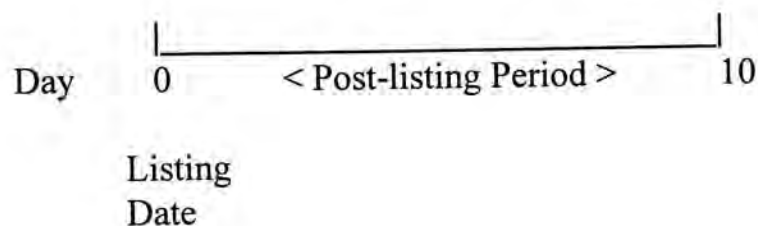
For the study of post-listing period, out of 42 samples shown in Appendix II b, there are 20 samples showing that first-day returns of IPOs and stock return of the respective underwriter on two days after listing date were both positive at the same time. Similarly, there are about 11 samples showing that stock returns of day 2 of underwriters dropped and first-day returns of the corresponding IPO were negative at the same time.

Similar to offer period, this observation implies that there may exist a relationship between first-day IPO return and underwriters' performance during post-listing period. According to the Chapter of "Research methodology", a two-tier statistical testing will be used to verify this phenomenon.

ii. Framework of Offer period

FIGURE 3

FRAMEWORK FOR POST-LISTING PERIOD ANALYSIS



First of all, daily returns during offer period had been calculated as shown in Appendix II b.

iii. Correlation coefficient

For calculating correlation coefficient in the Chapter of "Research Methodology", we set

- I_i = a set of First-day return of IPO on date i
- $P_{t,i}$ = either neutralized return of an underwriter on day 1, day 2,,
or day 10 during post-listing period.

By using SPSS statistical package, the result of calculating correlation coefficient is generated as shown in Appendix V.

It shows that first-day IPO return has the greatest correlation coefficient (0.2897) with the stock prices of the underwriters on day 2 and P-value is 0.063, therefore it is statistically significant that first-day IPO return has correlation with return of Day 2 in post-listing period.

iv. Regression model

Since first-day IPO return (I_i) has the most significant effect on underwriters' stock returns of Day 2 in post-listing period , hence linear regression is used to find out the relationship between them.

According to formula (2) of the regression model in the Chapter of "Research Methodology", we set

$MP_{t,i}$ = data in the column of neutralized return on day 2 (see Appendix II b)

I_i = data in the column of first-day IPO returns (see Appendix II b)

The result has been generated below :

TABLE 7

SPSS RESULTS OF LINEAR REGRESSION FOR POST-LISTING PERIOD

Multiple R	=	.28972			
R Square	=	.08394			
Adjusted R Square	=	.06104			
Standard Error	=	.39244			
Analysis of Variance					
	DF	Sum of Squares	Mean Square		
Regression	1	.56450	.56450		
Residual	40	6.16052	.15401		
F = 3.66528 Signif F = .0627					
----- Variables in the Equation -----					
Variable	B	SE B	Beta	T	Sig T
Day 2 Return	5.722027	2.988795	.289725	1.914	.0627
(Constant)	.205168	.060572		3.387	.0016

Equation : $MP_t = 0.2052 + 5.7220 * I_t$
(t-value = 3.39 > .0016) (t-value = 1.91 > 0.063)

Since Adjusted R Square and Standard Error are 0.06 and 0.39 respectively, it represents a very minimal error that occurs in the regression. Moreover, t-values of the coefficients of the above equation are both greater the respective significant t-values, therefore the coefficients are statistically significant.

Nevertheless, it is not similar to pre-listing period. Multiple regression is not applicable in this part.

v. Implications

Based on the above result, it shows that first-day IPO return has impact on the market value of the corresponding underwriter during post-listing period, especially for day 2 return. Therefore, IPO first-day return can be an indicator for performance of an underwriter. Nevertheless, most significant effect on day 2 means that the stock market is an inefficient one, there is some delay for the market absorbing the information.

IPO first-day return is an indicator simply because an underwriter have to repeatedly deal with investors, but less frequently deal with issuers after their company has been listed. Therefore, when an IPO is under-priced, those investors will buy and gain profit which indirectly raise the reputation of respective underwriter, then market value of the underwriter will rise because of increased reputation. In opposite, when an IPO is over-priced, no investors will buy which actually damages the reputation of the respective underwriter and causes the drop of its market value later. In other words, it is consistent with the argument that an underwriter has incentives to provide after-market support²⁰ for issuers, simply for sake of gaining reputation capital.

Last but not least, there is a positive relation between first-day IPO return and return of day 2 in post-listing period. Also, there exists a delay for them. Hence it is a good hint for those investor to make use of this indicator of first-day IPO return in order to gain profit from the rise or fall of underwriter's market value. However it must be reminded that the sample size used in the project is not large enough, so there is much room for investigation in the future.

²⁰See Judith S. Ruud (1993), "Underwriter price support and the IPO underpricing puzzle".

Separation of Lead-underwriters and Co-underwriters

In the project, it has been assumed that all underwriters are homogenous, i.e. no matter lead-underwriters or co-underwriters, they impose / receive same effect on / from IPO first-day return.

Now we release the assumption to further verify the apparent relationship between lead-underwriters (or co-underwriters) and the corresponding IPO return.

i. Lead-underwriters

For Offer period, it was found that the most significant correlation result is on Day -9 (see Appendix VI), the corresponding coefficient is 0.2472 with p-value 0.071 (less significant than previous correlation coefficient 0.5).

Hence, linear regression was used to find the linear relationship between Day-9 stock return of underwriters and IPO first-day return, the Adjusted R Square and Standard Error are 0.043 and 0.34 respectively (see Table 8).

TABLE 8

SPSS RESULTS OF LINEAR REGRESSION BETWEEN DAY -9 RETURN OF LEAD-UNDERWRITERS AND IPO FIRST-DAY RETURN IN OFFER PERIOD

Multiple R	.24723
R Square	.06112
Adjusted R Square	.04307
Standard Error	.33773

Analysis of Variance

	DF	Sum of Squares	Mean Square
Regression	1	.38613	.38613
Residual	52	5.93137	.11406

F = 3.38521 Signif F = .0715

----- Variables in the Equation -----

Variable	B	SE B	Beta	T	Sig T
Day -9	5.438786	2.956031	.247227	1.840	.0715
(Constant)	.180962	.046041		3.930	.0003

The linear relationship is shown below :

$$I_i = 0.1810 + 5.4388 * MP_{9,t}$$

(t-value = 3.930 > 0.0003) (t-value = 1.840 > 0.0715)

The most significant result on Day -9 (compared to the previous result Day -10) means that market inefficiency (delay) exists. However, the result is still consistent to the previous result in the section "Predictability Of IPO Performance".

For Post-listing period, the correlation coefficient obtained were not significantly related. However, it was still found that Day 2 has the most significant result ; the correlation coefficient and p-value are 0.1983 and 0.254 (see Appendix VII).

TABLE 9
SPSS RESULTS OF LINEAR REGRESSION BETWEEN IPO FIRST-DAY
RETURN AND DAY 2 RETURN OF LEAD-UNDERWRITERS
IN POST-LISTING PERIOD

Multiple R	.19825				
R Square	.03930				
Adjusted R Square	.01019				
Standard Error	.49528				
Analysis of Variance					
	DF	Sum of Squares	Mean Square		
Regression	1	.33118	.33118		
Residual	33	8.09500	.24530		
F =	1.35008	Signif F =	.2536		
----- Variables in the Equation -----					
Variable	B	SE B	Beta	T	Sig T
Day 2	4.495189	3.868727	.198251	1.162	.2536
(Constant)	.232337	.083727		2.775	.0090

Also, the corresponding linear equation from regression (see Table 9) is :

$$MP_{2,i} = 0.2323 + 4.4952 * I_i$$

(t-value = 2.775 > 0.0090) (t-value = 1.162 > 0.2536)

ii. Co-underwriters

Due to the fact that there exist limited sample size and many unlisted co-underwriters (with unlisted parent companies), and also there is a number of co-underwriters for each single IPO, therefore it is reasonable that the correlation result is not quite significant and representative. However, we cannot ignore the effect of IPOs from / on co-underwriters and this area is required to be explored whenever there is enough sample size in the future.

iii. Implications

Based on the above result, it shows that our implications on the mutual influence among underwriters and IPO initial return is especially applied to the sub-set of lead-underwriters. The result is not unexpected because lead-underwriters is a sub-set of all underwriters which have the similar result verified previously. Moreover, lead-underwriters are more important and mostly affected comparing to co-underwriters, e.g. there is only one lead-underwriters for managing an IPO; whereas there may exist a number of co-underwriters for an IPO. Nevertheless, the correlation result for lead-underwriter is less significant because sample size is limited and study periods of some IPOs (for a lead-underwriter) overlapped with its co-managing IPOs, i.e. the same underwriter acted as co-underwriter.

CHAPTER VI

CONCLUSIONS

In the first part of this report, we investigated the impact of underwriters' market value on IPO first-day return. For underwriters exhibiting positive (negative) return on first day of offer period, the respective IPOs first-day return will also be positive (negative). We certify that correlation between underwriters' first day return of offer period and IPOs first-day return have the most statistically significant result with correlation coefficient 0.5 (p-value is 0.001).

Predictability of IPOs return by previous underwriters' market value is based on that market consensus will perceive whether the IPO is over-valued or under-valued, and it will tend to be reflected in stock price of an underwriter during offer period because market only reacted to some confirmed information, such as "subscription ratio". If an IPO is over-priced, an underwriter will bear reputation capital and cause its market value drop; whereas if an IPO is under-priced, an underwriter will gain reputation from those investors whose the underwriter repeatedly deal with, and it causes its market value rise.

In the second part, we investigated the impact of first-day IPO return on underwriter's market value. Based on result from correlation and regression model, we found that

IPO first-day return has the most significant impact on day 2 return of post-listing period, correlation coefficient for them is 0.2897 (p-value is 0.063).

Positive impact of IPOs first-day return on underwriters' market value because underwriters gain reputation capital from those investors whose underwriters frequently deal with and it can overcome reputation loss from the issuers whose underwriters less frequently deal with. As a result, it proved that underwriters have incentives to provide after-market support for issuers and the asymmetry distribution between over-priced and under-priced IPOs. On the other hand, most significant effect is on day 2 of post-listing period, therefore it certified that the market is inefficient and this observation can be used as an investment strategy to reap profit from the market. Nevertheless, the result can be used as foundation for future investigation.

Besides, we also tried to separate the effect of lead-underwriters from co-underwriters, a similar but less significant result was also generated from the analysis model. Hence, it further verified the existence of mutual influence between underwriters' and IPOs' performance, it even exists in the sub-set of lead-underwriters. Although the correlation result for co-underwriter is not quite significant to provide representative result because sample size is limited and study periods of some IPOs (for a lead-underwriter) overlapped with the underwriter's co-managing IPOs. However, we cannot ignore the effect of IPOs from / on co-underwriters and this area is required to be explored in the future.

Last but not least, many people only mentioned underwriters' performance affecting IPOs return in the past, but it may not be the case. In fact, it may be a two-way traffic. Two factors are dependent to each other to certain extent. Also, their mutual relation has to be further research and investigated so as to have deep understanding of phenomenon.

CHAPTER VII

FURTHER CONSIDERATIONS

Besides the factors of market return and dividend payout that have been considered in the project, some other factors should also be taken into considerations since they may affect the result.

Firstly, effect from the other businesses of an underwriter on its market value may be enormous occasionally, e.g. if the stock market was going up, the brokerage service of an underwriter would increase tremendously, then it would cause the market value of an underwriter increase exponentially (not linear), therefore it was not enough to only neutralize an underwriter's market value by HSI return because the growth of HSI return might not truly reflect the exponent growth of its businesses, which indirectly caused tremendous growth in its market value. As a result, the relationship between IPOs' return and underwriters' market value may not be linear, then we suggest for further investigation that exponential regression or other method can be used to find out the non-linear relationship between them.

Secondly, many non-listed underwriters with listed parents are all included in our samples. However, a parent company typically has well-diversified range of businesses which have different business cycle, it may cause reluctance of reflecting an IPO's performance on the market value of an underwriter's parent company. Also,

there exists market inefficiency which causes delay of absorbing information, so the effect from an IPO's performance will not immediately reflect on the stock price of it parent. Hence, we suggest that a longer study period can be adopted to include more IPOs in our sample in order to improve the accuracy and significance, e.g. the study period can be extended to include 1980s' IPOs in Hong Kong.

APPENDIX I : IPOs in Hong Kong between 1990 and 1994

Year 1990

Listing Date	Company Name	IPO		IPO Shares Amount	Over-subscription Multiple (%	Arrangers
		Price	Amount			
Jan-31	Juko	1.33	70.000	4.8	Peregrine	
Jun-29	South China M Post	3.08	262.500	3.05	Standard Chartered	
Jul-12	HK Toy Centre	1.23	75.000	38.14	Prudential Asia, Wardley	
Oct-2	Fu Hui	1.13	70.000	0.3	Peregrine	
Oct-12	Fong's Industries	1	52.000	0.66	Standard Chartered	
Oct-16	Joyce Boutique	1.2	65.000	0.15	Hoare Govett Asia	
Oct-19	Cheung Wah	1.09	34.625	19.4	Wardley	
Nov-21	Tem Fat Hing Fung	1.05	42.500	11.47	Credit Lyonnais (Asia)	
Nov-30	Swank Int'l	1.38	23.667	23.1	Wardley	
Sep-7	ITC	1	72.500	0.36	Standard Chartered	
Dec-12	Yaohan Int'l Caterers	1.32	75.000	23.7	Wardley	
Dec-17	Techtronic	1	87.500	3.85	CEF Capital	
Dec-21	SHK HK Industries	1.05	49.380	5.16	Morgan Grenfell Asia (HK), Sanwa	

APPENDIX I : IPOs in Hong Kong between 1990 and 1994

Year 1991

Share Code	Listing Date	Company Name	IPO Price	IPO		Nom Share Value	Total Shares Issued	IPO		Market Cap	EPS	PER	DPS	Yield		Oversub Price Ratio		Sponsors	Underwriters
				Shares Amount	Nil			HK\$	HK\$M					HK\$M	HK\$	%	%		
674	Jan-25	Golden Island Hld	1.20	35.575		0.20	142.30	42.69	170.76	0.180	6.70	0.090	7.50	17.6	1.710	Std Chart	Std Chart		
677	Jan-28	Golden Resources	1.18	75.000		0.10	300.00	88.50	354.00	0.133	8.85	0.030	7.63	21.8	1.800	Peregrine	Peregrine		
679	Jan-31	Process Automation	1.12	60.000		0.10	240.00	67.20	268.80	0.165	6.80	0.060	8.00	0.0	1.270	Anglo Chin	Anglo Chinese		
680	Feb-13	Team Concept	1.00	46.875		0.10	187.50	46.88	187.50	0.170	6.16	0.050	7.50	102.7	1.220	Std Chart	SC, Nomura		
685	Mar-22	Ming Pao Ent Corp	2.90	75.000		0.10	300.00	217.50	870.00	0.430	6.70	0.030	8.00	25.7	2.975	Wardley	Wdly, SC		
687	Mar-26	Chee Shing Holding	1.35	70.000		0.10	300.00	94.50	405.00	0.169	8.00	0.010	6.00	50.0	1.450	Baring	Baring, NMB		
689	Apr-15	Great Wall Elect.	1.03	160.000		0.10	640.00	164.80	659.20	0.172	6.00	0.020	7.80	57.4	1.220	Std Chart	SC, Daiwa, JF		
697	Apr-30	Tung Wing Steel	1.02	85.000		0.20	335.00	86.70	341.70	0.130	7.85	0.050	7.35	62.4	0.970	Peregrine	Peregrine		
701	May-21	China Paint	1.08	92.000		0.10	368.00	99.36	397.44	0.144	7.50	0.055	7.64	152.2	1.440	Peregrine	Pere, Wdly, China Dev		
704	May-27	Frankie Dominion	1.00	57.000		0.10	228.00	57.00	228.00	0.165	6.07	0.100	10.00	32.3	1.330	Mega.DH	Dao Heng		
709	Jun-19	Giordano Hld	1.18	150.000		0.10	600.00	177.00	708.00	0.145	8.10	0.040	6.80	-0.13	0.950	Baring	Baring, Wardley		
710	Jul-1	Varitronix	2.75	62.000		0.25	248.00	170.50	682.00	0.356	7.70	0.130	7.00	0.9	2.950	Wardley	Wardley, United IBV		
715	Jul-5	Harbour Rings	1.03	320.000		0.10	1280.00	329.60	1318.40	0.250	4.10	0.045	9.00	3.3	1.150	Std Chart	SC, CitiCorp, Warburg		
720	Jul-16	Woo Kee Hong	1.37	200.000		0.10	800.00	274.00	1096.00	0.173	7.90	0.068	7.45	4.8	1.600	Peregrine	Peregrine		
723	Jul-18	Anex Int'l Hld	1.10	75.000		0.10	300.00	82.50	330.00	0.154	7.14	0.085	7.70	11.0	1.120	Somerley	Somerly, Lippo, SC		
728	Jul-24	Lam Soon Food Ind	2.10	79.723		0.05	318.89	167.42	669.67	0.290	7.20	0.098	7.00	10.2	2.275	Wardley	Wdly, Sanwa, SocGen, SHK		
726	Jul-25	Benelux Int'l	1.01	56.250		0.10	225.00	56.81	227.25	0.168	6.00	0.080	7.90	18.4	1.020	CEF, Daiwa	CEF & Daiwa		
732	Jul-29	Truly Int'l	1.02	74.000		0.10	296.00	75.48	301.92	0.168	6.10	0.054	8.00	28.2	1.000	Sanwa	Sanwa		
383	Aug-1	Star Paging	1.08	90.000		0.10	360.00	97.20	388.80	0.144	7.50	0.055	7.60	4.7	0.990	SHK	SHK		
404	Aug-14	Hsin Chong Const	1.10	125.000		0.10	500.00	137.50	550.00	0.140	7.90	0.060	5.00	14.9	1.150	N.A.			
408	Aug-22	Yip's Hang Cheung	1.25	100.000		0.10	400.00	125.00	500.00	0.171	7.33	0.100	8.00	2.0	1.310	Anglo Chin			
406	Aug-29	Yau Lee Hld	1.08	166.595		0.10	666.38	179.92	719.69	0.137	7.88	0.051	7.10	9.0	1.090	Wardley	Wardley		
615	Sep-2	Orient Power	1.08	50.000		0.10	200.00	54.00	216.00	0.180	6.00	0.080	7.50	1.4	1.130	N.A.			
622	Sep-16	Righteous Hld	0.88	75.000		0.10	300.00	66.00	264.00	0.148	5.95	0.030	5.10	27.0	0.920	CL, DW, Nom	CL, Daiwa, Nomura, Takugin		
616	Sep-16	ACME Landis Hld	1.02	40.000		0.10	160.00	40.80	163.20	0.075	6.60	0.024	7.50	4.2	1.000	Std Chart	Std Chart		

623	Sep-20	Lee Fung A Printers	1.28	60,550	0.10	242.20	77.50	310.02	0.185	6.90	0.064	7.50	14.0	1.230	Wardley	Wardley
620	Sep-30	UDL Hld	1.00	120,000	0.10	480.00	120.00	480.00	0.138	7.26	0.053	8.00	26.1	0.930	SC, Sanwa	SC, Sanwa
626	Oct-3	JCG Hld	1.28	106,500	0.10	426.00	136.32	545.28	0.170	7.55	0.065	7.60	0.6	1.150	Morgan Grenfell	Morgan Grenfell
729	Oct-3	Innovative Int'l	1.06	100,000	0.10	400.00	106.00	424.00	0.140	7.38	0.050	7.10	3.8	1.100	Peregrine	Peregrine
27	Oct-7	International Pipe	1.12	48,750	0.10	195.00	54.60	218.40	0.147	7.60	0.052	7.00	0.6	1.110	Std Chart	Std Chart
618	Oct-7	Mgt Invest & Tech	1.08	37,000	0.10	148.00	39.96	159.84	0.170	6.36	0.058	8.00	9.3	1.210	Chase,DKB,Sassoon	Chase,DKB,Sassoon
30	Oct-9	ABC Communications	1.25	100,000	0.10	400.00	125.00	500.00	0.164	7.60	0.080	8.00	1.7	1.180	EA Warburg	EA Warburg
52	Oct-9	Fairwood Holdings	1.18	97,925	0.10	391.70	115.55	462.21	0.152	7.80	0.059	7.50	27.8	1.300	Wardley, Peregrine	Wardley, Peregrine
72	Oct-21	Yiu Wing Int'l	1.00	65,000	0.10	260.00	65.00	260.00	0.142	7.00	0.050	7.50	5.3	1.060	Peregrine	Peregrine
57	Oct-22	Chen Hsong Hlds	1.68	127,500	0.10	510.00	214.20	856.80	0.210	8.00	0.080	7.10	4.3	1.710	SC, Schroders	SC, Schroders
93	Oct-23	Termbray	1.12	200,000	0.10	800.00	224.00	896.00	0.156	7.20	0.056	7.50	1.3	1.200	Peregrine	Peregrine
82	Oct-25	Yanion	1.00	75,000	0.10	300.00	75.00	300.00	0.158	6.34	0.025	9.00	7.4	1.000	Std Chart	SC, Hoare, NMB
126	Nov-1	Tak Sing Alliance	1.18	75,000	0.10	300.00	88.50	354.00	0.167	8.90	0.100	7.00	1.9	1.210	CL	CL
138	Nov-11	Double Kingdom	1.20	75,000	0.10	300.00	90.00	360.00	0.186	6.45	0.020	7.50	1.0	1.150	Peregrine	Peregrine, Chintung, DBS, B Paribas
182	Nov-27	Nam Pei Hong	0.77	39,250	0.50	112.11	30.22	86.32	0.151	5.10	0.039	7.50	5.0	0.780	Std Chart	Std Chart
64	Nov-28	Chevalier Dev	1.05	92,050	0.10	368.20	96.65	386.61	0.380	2.80	0.070	6.70	N.A	1.330	N.A	N.A
211	Dec-5	Styland	0.88	75,000	0.10	300.00	66.00	264.00	0.134	6.59	0.035	9.00	15.0	0.980	Std Chart	SC, CDFC, NMB
137	Dec-6	Jinhui Hld	1.20	100,000	0.10	400.00	120.00	480.00	0.207	5.80	0.060	7.50	2.4	1.270	Wdly, World Sec	Wdly, World Sec
256	Dec-10	Hanwah	1.00	128,000	0.10	512.00	128.00	512.00	0.160	6.16	0.050	7.50	1.6	1.010	Peregrine	Pere, Nomura, JF, SHK
232	Dec-12	Far East Aluminium	1.11	60,000	0.10	240.00	66.60	266.40	0.174	6.38	0.010	7.20	0.8	1.130	Wardley	Wardley
275	Dec-16	Hanny Magnetics	1.20	166,500	0.10	666.00	199.80	799.20	0.183	6.56	0.056	7.00	0.3	1.210	Peregrine	Peregrine, Std Chart
333	Dec-16	Top Form	1.00	133,125	0.10	532.50	133.13	532.50	0.150	6.70	0.040	8.00	1.5	1.010	Std Chart	Std Chart, BOT(PSW)
239	Dec-18	Pak Fah Yeow Int'l	0.90	39,000	0.10	130.00	35.10	117.00	0.176	5.20	0.034	7.60	47.6	1.430	Std Chart	Std Chart
261	Dec-30	S Megga	1.00	109,200	0.10	436.80	109.20	436.80	0.145	6.89	0.056	8.00	2.2	1.000	Std Chart	SC, Hoare, JF

APPENDIX I : IPOs in Hong Kong between 1990 and 1994

Year 1992

Share Code	Listing Date	Company Name	IPO Price HK\$	IPO Shares Amount Mil	Nom Share Value HK\$	Total Shares Issued Mil	IPO Raised Amount HK\$M	Market Cap HK\$M	EPS HK\$	PER	DPS HK\$	Yield %	Overseas Ratio %	Price On 1st Day HK\$	Sponsor	Price On 31st DEC HK\$	CHANGE %	Underwriters
336	Jan-22	Silver Eagle	1.00	60.00	0.10	300.00	60.00	300.00	0.172	5.88	0.030	9.00	10.4	1.080	Std Chart	1.05	5.00	Std Chart
358	Jan-28	Kong Wah Hld	1.38	250.00	0.10	1000.00	345.00	1380.00	0.211	6.55	0.028	7.50	18.0	1.460	Std Chart	1.63	18.12	SC, Mor Gren, Daiwa
517	Feb-11	Shun Shing Hld	1.08	168.00	0.10	672.00	161.44	725.76	7.00	7.00		7.80	5.6	1.110	Peregine	0.81	-25.00	
372	Feb-13	Hoi Sing	1.00	54.50	0.10	218.00	54.50	218.00	0.145	6.89	0.016	7.50	28.2	1.030	Morgan G	0.63	-37.00	Morgan Gren
439	Mar-11	Climax Int'l	1.32	90.00	0.10	400.00	118.80	528.00	0.208	6.30	0.010	7.50	27.0	1.350	Std Chart	1.97	49.24	SC, Sanwa
450	Mar-16	Hung Hing Printing	1.25	100.00	0.10	400.00	132.00	528.00	0.150	6.30	0.020	7.50	39.9	1.450	Wardley	1.99	59.20	Wardley, CDFC
451	Mar-25	Same Time Hld	1.00	58.500	0.10	260.00	58.50	260.00	0.191	5.22	0.010	7.50	17.0	1.030	Std Chart	1.40	40.00	Std Chart
455	Mar-30	Hansom Hld	0.88	53.270	0.10	213.08	46.88	187.51	0.189	4.65	0.010	8.00	114.8	1.140	Std Chart	0.90	2.27	Std Chart
467	Apr-8	Topstyle Int'l	1.00	85.410	0.10	284.70	85.41	284.70	0.183	5.50	0.010	7.50	26.3	0.990	SC, SW Pac	0.80	-20.00	SC, Sanwa, Pac cap
103	Apr-9	Eastern Century	1.03	95.000	0.10	380.00	97.85	391.40	0.168	6.12	0.025	7.50	29.8	1.030	CL	1.42	37.86	CL, Takugin Int, Chi Yu
412	Apr-15	Hop Ying Int'l	1.00	50.000	0.10	200.00	50.00	200.00	0.160	6.25	0.010	7.50	23.1	1.020	PacCap, Ind	1.05	5.00	Pac Cap, Indosu, WJC
493	Apr-15	Capital Automation	1.00	39.250	0.10	157.00	39.25	157.00	0.170	5.90	0.020	8.00	53.0	1.280	Sanwa	0.73	-27.00	Sanwa, Ichiyoshi, Kokusai, New Japan
497	Apr-15	Ocean Information	2.00	66.000	0.10	264.00	132.00	528.00	0.333	6.00	0.150	7.50	24.4	2.200	Jardine F	1.29	-35.50	JF, Wardley
562	May-1	Baltrans Holdings	1.05	60.000	0.10	200.00	63.00	210.00	0.162	6.48	0.030	7.50	53.0	1.300	Std Chart	1.08	2.86	Std Chart, Wardley
491	Jun-10	Welback Holdings	1.00	56.250	0.10	225.00	56.25	225.00	0.174	5.80	0.010	7.50	94.3	1.240	Peregine	0.82	-18.00	Pere Lippo, ING
494	Jul-1	Li & Fung	2.20	125.00	0.10	500.00	275.00	1100.00	0.275	8.00	0.117	8.00	27.2	2.500	Prud, Wdly	2.25	2.27	
551	Jul-2	Yue Yuen	1.18	550.00	0.10	2200.00	649.00	2596.00	0.152	7.77	0.025	8.00	44.4	1.600	Std Chart	1.53	29.66	WDLY, CL, BZW, CEF, NED, JF
547	Jul-6	Mansion Hld Ltd	1.00	56.25	0.10	225.00	56.25	225.00	0.156	6.40	0.156	7.50	78.2	1.200	Peregine	0.86	-14.00	Peregine
144	Jul-15	Hai Hong Hld	1.50	61.25	0.10	245.00	91.88	367.50	0.178	8.40	0.075	7.50	373.0	4.225	China Dev	2.70	80.00	CDFC, Pere, UB Sec, Panbas
608	Aug-4	High Fashion	2.33	75.00	0.10	300.00	174.75	699.00	0.324	7.20	0.020	7.50	15.2	2.200	Peregine	1.78	-23.61	Pere, SC, Barmg Broth
321	Aug-6	Texwinca Hld Ltd	1.03	140.00	0.10	560.00	144.20	576.80	0.152	6.80	0.078	6.80	90.6	1.230	DH, CEF, PC	1.23	19.42	DaoHeng, CEF, Pacific Cap
510	Aug-13	Winton Hld Ltd	2.80	87.50	0.10	350.00	245.00	980.00	0.376	7.45	0.170	8.00	16.8	2.575	Prud Pere	2.225	-20.54	Prudential, Peregine, Citicorp
529	Aug-18	Indesen Industries	1.25	75.00	0.40	250.00	93.75	312.50	0.185	6.74	0.100	8.00	0.002	1.030	Nikko	1.04	-16.80	Nikko, CL
529	Aug-18	SIS Int'l Hlg	1.00	63.80	0.10	225.20	63.80	225.20	0.135	7.43	0.038	7.50	1.93	0.790	Morgan G	0.63	-37.00	MG, DBS Bk, SC
92	Aug-19	Champion Technology	1.20	125.00	0.10	500.00	150.00	600.00	0.200	6.00	0.090	7.50	89.9	1.310	Std Chart	3.75	212.50	SC, Peregine, World Sec
483	Aug-19	Eu Yan Sang	0.90	39.00	0.10	156.00	35.10	140.40	0.127	7.10	0.032	8.00	237.0	1.260	SC, RothsC	0.84	-6.67	SC, Rothschild
688	Aug-20	China Overseas Land	1.03	820.00	0.10	3280.00	844.60	3378.40	0.145	7.10	0.040	7.00	98.0	1.330	Peregine	1.29	25.24	Pere, BEA, CDFC
610	Aug-28	Wai Kee Holding	1.50	93.50	0.10	374.00	140.25	561.00	0.191	7.84	0.075	7.50	77.3	1.530	Peregine	1.28	-14.67	Pere, SC, Morgan
516	Sep-3	Fung Cheung Kee	1.28	100.00	0.10	400.00	128.00	512.00	0.178	7.20	0.065	7.70	1.18	0.990	Std Chart	0.69	-46.09	Standard Chartered
55	Sep-10	Chung Tai Printing	1.00	90.00	0.10	300.00	90.00	300.00	0.142	7.04	0.050	7.50	0.50	0.880	Std Chart	0.60	-40.00	SC, Peregine
431	Sep-16	Pam & Frank Int'l	1.00	104.50	0.10	380.00	104.50	380.00	0.139	7.20	0.050	7.50	20.60	1.070	Std Chart	1.60	60.00	SC, JF, INC, Daiwa, MG
533	Sep-18	Goldlion Holdings	2.70	87.50	0.10	350.00	236.25	945.00	0.340	7.90	0.067	6.70	37.80	3.100	WD, Firmita	7.45	175.93	Wardley
745	Sep-24	Ryoden Development	2.00	187.50	0.50	750.00	375.00	1500.00	0.260	7.70	0.050	6.00	15.6	2.125	Wardley	1.76	-12.00	W Gdwill, Prudential, Sanwa
332	Sep-25	Ngai Lik Industrial	1.00	82.50	0.10	330.00	82.50	330.00	0.151	6.60	0.053	8.00	0.1	1.030	Std Chart	1.45	45.00	Std Chart, Daiwa
752	Sep-28	PICO F.E. Ltd	1.00	50.00	0.10	200.00	50.00	200.00	0.157	6.38	0.060	6.00	7.8	1.040	Jardine F	1.05	5.00	JF, CEF, CDFC
736	Sep-30	Sharp Brave Hld Ltd	1.00	84.38	0.10	337.50	84.38	337.50	0.153	6.50	0.050	7.50	0.09	1.000	Sanwa Fin	1.15	15.00	Sanwa
650	Oct-7	Shun Cheong Hld Ltd	1.02	65.00	0.10	250.00	66.30	265.20	0.147	6.94	0.050	7.35	-0.88	0.740	CL	0.70	-31.37	Credit Lyonnais

530	Oct-8	Firststone Int Hld	1.00	63.25	0.10	230.00	63.25	230.00	0.168	5.96	0.053	8.00	53	1.070	Std Chart	1.11	11.00	SC,Pere Sanwa, Goodwill
655	Oct-10	HKCB Bank	2.00	200.00	1.00	500.00	400.00	1000.00	0.183	10.9	0.060	5.00	2.4	2.675	Std Chart	2.30	15.00	SC,Lippo DBS, Ong, Tai Che
751	Oct-14	M.C. Packaging Ltd	1.60	140.00	0.20	560.00	224.00	896.00	0.221	7.20	0.040	7.50	135	3.325	Wdly, CDFC	1.08	-32.50	Wardley CDFC, SHK, Sanwa
765	Oct-23	Perfectech Intl Hld	1.03	40.00	0.10	160.00	41.20	164.80	0.154	6.70	0.077	7.50	2.2	1.040	Pac Cap	1.08	4.85	Pacific Capital
755	Oct-27	Four Seas Travel	0.80	40.00	0.10	160.00	32.00	128.00	0.127	6.30	0.043	8.00	308.3	1.250	Seapower	0.96	20.00	Seapower
657	Oct-30	City Chiu Chow	1.28	38.00	0.10	152.00	48.64	194.56	0.199	6.40	0.068	8.00	56.8	1.300	Wardley	1.06	-17.19	Wdly
684	Nov-10	Allian Intl Hld	1.03	70.00	0.10	280.00	72.10	288.40	0.162	6.40	0.050	7.30	57	1.170	Std Chart	0.99	-3.88	Std Chart, Wardley
308	Nov-11	China Travel Intl	1.00	400.00	0.10	1600.00	400.00	1600.00	0.121	8.20	0.016	7.20	411	2.875	Peregrine	2.375	137.50	Peregrine, CDFC
326	Nov-12	Star Entertainment	1.02	31.25	0.10	125.00	31.88	127.50	0.173	5.90	0.060	5.90	7	1.19	SouthChina	0.81	-20.59	SC, ING Capital
305	Nov-23	Watary Intl Hld	1.25	100.00	0.10	400.00	125.00	500.00	0.192	6.50	0.070	8.00	258	1.53	Std Chart	1.71	36.80	Std Chart, HG Asia
312	Nov-26	Lamex Holdings	1.05	62.50	0.10	250.00	65.63	262.50	0.158	6.60	0.047	8.00	304	1.73	SC & WD	1.67	59.05	SC,Wdly, ING, Belgium Bk
328	Nov-27	Alco Holdings Ltd	1.07	90.00	0.10	360.00	96.30	385.20	0.179	6.00	0.036	7.50	24.8	0.91	Peregrine	0.75	-29.91	Peregrine, Daiwa Overseas
307	Dec-2	Leung Kee Hld Ltd	1.00	35.00	0.10	140.00	35.00	140.00	0.171	5.85	0.033	7.50	29.2	1.2	Std Chart	0.90	-10.00	Std Chart
738	Dec-11	Le Saundz	1.30	100.00	0.10	400.00	130.00	520.00	0.164	7.90	0.030	7.00	63.07	1.44	Peregrine	1.64	26.15	Peregrine, Std Chart
123	Dec-15	Guangzhou Invest	1.05	425.00	0.10	1700.00	445.25	1785.00	0.160	6.56	0.010	6.56	229	1.44	CDFC	1.40	33.33	CDFC, Pere SHK, CEF, Wdly
60	Dec-16	Yachan Food	1.13	52.50	0.10	250.00	70.63	282.50	0.162	6.97	0.028	7.50	14.28	1.75	Std Chart	1.54	36.28	
130	Dec-18	National Mutual	2.30	488.00	0.05	1800.00	1076.4	4140.00	0.231	9.95	0.096	5.20	-0.29	2.075	Std Chart	2.78	20.65	SC, Bar, MS, Daiwa, Warburg

APPENDIX I: IPOs in Hong Kong between 1990 and 1994

Year 1993

Share Code	Listing Date	Company Name	IPO Price	IPO Shares	IPO Amount	Nom Share	Total Share	IPO Raised	Market Cap	EPS	PER	DPS	Yield	NTAV	NAV/ IPO	Est IPO	Cost/ Amount	OS	Price On 1st Day	Sponsor	Underwriters
			HK\$	Mill	HK\$M	HK\$	Mill	HK\$M	HK\$M	HK\$M	HK\$	HK\$	%	HK\$	%	HK\$M	%		HK\$		
205 Jan-5		Prod-art Tech	1.28	35.00	0.10	135.20	44.8	173.06	0.210	6.10	0.090	7.00	0.776	60.63	5.50	12.28	8.3	2.575	Anglo Chin	Anglo Chinese	
313 Jan-5		Dickson Construct'n	1.00	77.00	0.10	308.00	77.0	308.00	0.169	5.92	0.025	7.50	0.459	45.86	8.00	10.39	0.1	1.05	Std Chart	Std Chart	
606 Jan-18		Leading Spirit	1.00	105.00	0.10	420.00	105.0	420.00	0.144	6.95	0.053	8.00	0.450	45.00	8.00	7.62	364	1.54	Std Chart	SC,PacCap,CDFC,HG	
601 Jan-28		Group Sense Int'l	1.02	200.00	0.10	800.00	204.0	816.00	0.157	6.50	0.051	7.50	0.550	53.92	14.00	6.86	208.9	1.65	Peregrine	Pere,Wdly,SC,INC	
401 Feb-3		AWT World Transport	1.02	42.50	0.10	170.00	43.4	173.40	0.165	6.20	0.018	7.50	0.446	43.73	7.40	17.07	80.15	1.33	Pacific Cap	Pacific Capital	
660 Feb-5		Nority Int'l	0.84	60.00	0.10	180.00	50.4	151.20	0.156	5.40	0.060	7.10	0.550	65.49	6.10	12.10	38	1.01	S China	South China, HG Asia	
711 Feb-12		Chun Wo Hld	1.00	77.00	0.10	308.00	77.0	308.00	0.170	5.90	0.070	7.00	0.432	43.20	6.60	8.57	8.6	1.05	SC	SC, Pere, Sanwa	
611 Feb-12		Tack Hsin Hld	1.02	75.00	0.10	300.00	76.5	306.00	0.162	6.30	0.015	8.00	1.020	100.00	8.50	11.11	552.4	1.51	SC	SC,LCH,Lippo,Chiyo Fin	
304 Feb-18		Peace Mark	1.00	40.00	0.10	160.00	40.0	160.00	0.175	5.70	0.015	7.50	0.604	60.42	8.40	21.00	56	1.09	SC	SC,IGN,Capital Mkt	
203 Feb-22		Denway Investment	1.22	330.00	0.10	1320.00	402.6	1610.40	0.177	6.90	0.021	5.20	0.680	55.74	47.00	11.67	657	2.2	Peregrine	Peregrine,CDFC	
342 Mar-3		Kosonic Int'l	1.00	95.00	0.10	380.00	95.0	380.00	0.148	6.80	0.053	8.00	0.398	39.80	7.60	8.00	144.3	1.04	SC	SC,HG,INC,Nomura	
403 Mar-3		Starline Holdings	1.00	63.42	0.10	253.69	63.4	253.69	0.158	6.30	0.010	7.50	0.587	58.70	6.98	11.00	1.00	Lippo Asia	Lippo,SC		
255 Mar-5		Lung Kee Hld	1.21	50.00	0.10	200.00	60.5	242.00	0.200	6.05	0.030	7.50	0.685	56.61	7.50	12.40	310.6	2.4	Wardley	Wardley	
430 Mar-30		Linkful Int'l	1.38	150.00	0.10	600.00	207.0	828.00	0.215	6.42	0.091	8.00	0.483	35.00	9.60	4.64	6.9	1.7	SC	SC,HG,Nomura,ING,Cap Mkt	
570 Apr-7		Wing Shan Int'l	1.02	45.00	0.10	180.00	45.9	183.60	0.148	6.90	0.024	7.10	1.260	123.53	9.40	20.48	228	1.5	Pere, CDFC	Pere, CDFC	
605 Apr-7		KPI	1.03	70.00	0.10	280.00	72.1	288.40	0.189	5.50	0.060	5.80	0.460	44.66	9.50	13.18	227	1.49	CDFC	CDFC,PERE,WARBURG,WARDLEY	
713 Apr-15		World Houseware	1.03	80.00	0.10	240.00	82.4	247.20	0.171	6.02	0.075	7.50	0.462	44.85	7.80	9.47	11.7	1.38	Anglo C	Anglo Chinese	
377 Apr-19		New Island Printing	1.00	50.00	0.10	200.00	50.0	200.00	0.147	6.80	0.010	7.50	0.801	80.10	6.50	13.00	53	1.11	Worldsec	WC,SC,Mitsubishi,WingHang	
371 Apr-19		Wanion Int'l	1.00	66.00	0.10	264.00	66.0	264.00	0.215	4.70	0.050	7.50	0.411	41.10	7.30	11.06	98.2	1.14	Seapower	SP,Pere,SC,INC	
632 Apr-30		Drausfield	1.08	57.50	0.10	230.00	62.1	248.40	0.174	6.20	0.025	7.00	0.517	47.87	8.00	12.88	203	1.53	Peregrine	Peregrine	
603 May-28		Golden Power	1.09	45.00	0.10	180.00	49.1	196.20	0.194	5.60	0.029	8.00	0.599	54.95	6.80	13.86	208.8	1.51	SC	SC,CDFC,ING	
69 Jun-17		Shangri-La Asia	4.90	150.00	1.00	1000.00	735.0	4900.00	0.391	12.50	0.113	4.60	6.760	137.96	38.00	5.17	107	6.1	Schroders	Sch,CDFC,Kerry,Nom,Pere	
48 Jun-25		Egana Int'l	1.00	240.00	0.10	960.00	240.0	960.00	0.144	6.90	0.075	7.50	0.360	36.00	20.00	8.33	0.27	SC	SC,ABN,SBC,UBS,Yama,MGren		
302 Jul-2		Wing Hang Bank	16.80	36.85	1.00	245.00	619.1	4116.00	1.440	11.67	0.400	3.66	10.09	60.06	18.60	3.00	108.7	20.9	Schroders	Sch,CDFC,SC,Wardley	
405 Jul-2		Manhattan Card	1.87	388.07	0.10	149.26	725.7	279.11	0.171	10.90	0.050	5.00	0.665	35.56	40.70	5.61	40	1.89	PruAsia	Chase,Warburg,Peregrine	
716 Jul-8		Singamas Container	1.38	75.00	0.10	300.00	103.5	414.00	0.175	7.90	0.064	7.00	0.537	38.91	10.00	9.66	13	1.89	PruAsia	PruAsia,SC	
79 Jul-8		Fortec Holding	1.28	100.00	0.10	400.00	128.0	512.00	0.172	7.40	0.060	7.80	1.050	82.03	13.50	10.55	20	1.42	Wardley	Wardley	
456 Jul-14		Rhine Holding	1.00	80.00	0.10	320.00	80.0	320.00	0.146	6.83	0.050	8.00	0.468	46.82	7.20	9.00	16.03	1.13	SC	SC,Goodwill,NewChina,Yama	
168 Jul-15		Tsingtao Brewery	2.80	317.60	0.73	346.85	889.3	971.18	0.219	17.89	0.027	1.95	1.910	68.21	30.00	3.37	110.5	3.6	CDFC	CDFC,Goldman,Nikko,Warburg,Wardley,ShunLoong,AsiaCa	
619 Jul-16		South China Broker	2.20	100.00	0.10	400.00	220.0	880.00	0.211	10.40	0.120	5.50	0.994	45.18	12.00	5.45	10.83	2.2	SC	SC,Paribas,Baring,HG,LCH	
238 Jul-26		Shanghai Petrochem	1.74	1,680	0.72	1680.00	2923.2	2923.20	0.126	13.80	0.034	3.00	1.011	58.12	203	6.95	0.77	1.61	Merril,Per	CDFC,JF,PruAsia,ShanghaiHK,SHK	
479 Jul-21		CIL Holdings	1.00	72.20	0.10	288.80	72.2	288.80	0.132	7.60	0.027	8.00	0.404	40.40	9.30	12.88	83.8	1.09	Peregrine	Pere,CEF,Winfull	
593 Jul-27		Ultronics Int'l	1.03	52.00	0.10	208.00	53.6	214.24	0.167	6.16	0.075	7.28	0.432	41.89	7.56	14.12	84.8	1.11	Carriadosu	Carr, Dao Heng	
317 Aug-6		Guangzhou Shipyard	2.08	145.00	0.91	157.40	301.6	327.39	0.250	8.30	0.062	4.50	1.580	75.96	18.39	6.10	76	2.4	Peregrine	Pere,CDFC,Schroders,SHK,YueXiu	
187 Aug-6		Beiren Printing	2.08	100.00	0.90	100.00	208.0	208.00	0.241	7.78	0.039	2.80	1.250	60.10	15.00	7.21	24	2.75	SC	SC	
409 Aug-16		Stone Electronics	1.26	150.00	0.10	600.00	189.0	756.00	0.106	11.90	0.040	4.80	0.580	46.03	26.00	13.76	41	2.65	CDFC,Pere	Pere,CDFC,SHK,Cardindo,Nomura,Merrill	
374 Aug-25		Four Seas Merchant	1.00	67.50	0.10	270.00	67.5	270.00	0.120	8.30	0.070	7.00	0.484	48.40	5.24	7.76	561	2.2	Sanwa,Lippo	Sanwa,Lippo,SC,DKB,Somerty,Deut,Worldsec	
259 Sept-1		Yeebo Int'l	1.50	113.75	0.10	455.00	170.6	682.50	0.191	7.90	0.060	6.00	0.592	39.47	10.50	6.15	126	2.05	Peregrine	Pere,ING,ABN,AMRO	
563 Sept-10		Vincent Intertrans	1.00	53.00	0.10	193.94	53.0	193.94	0.172	5.80	0.075	7.50	0.406	40.60	7.20	13.58	253	1.15	SC	SC,HG,Carr,StdCap	
432 Sept-20		Companion Big Mar'l	1.00	69.00	0.20	230.00	69.0	230.00	0.144	6.90	0.050	7.50	0.468	46.80	4.88	7.07	469.9	1.58	SC	SC,ABN	
498 Sept-21		Paul Y - TTC	2.00	190.25	0.10	761.00	380.5	1522.00	0.267	7.50	0.011	8.00	0.750	37.50	17.31	4.55	124.9	2.225	Seapower	Seap,CEF,CDFC,Pere,SC,Belgian,Takugin,JinSum	
389 Oct-5		Moulin	1.02	100.00	0.10	400.00	102.0	408.00	0.136	7.50	0.077	7.50	0.544	53.33	10.50	10.29	87	1.05	Lippo	Lippo,SC,Worldsec	
600 Oct-5		Dah Hwa	1.00	50.00	0.10	168.00	50.0	168.00	0.162	6.20	0.060	9.00	0.520	52.00	6.40	12.80	16.6	1.15	Dao Heng	Dao Heng	
148 Oct-8		Kingboard Chemical	1.09	75.00	0.10	300.00	81.8	327.00	0.146	7.50	0.043	6.00	0.489	44.86	8.75	10.70	110	1.79	SC	SC,ABN,JF,Warburg,Worldsec	
398 Oct-12		Oriental Watch	1.00	60.50	0.10	242.00	60.5	242.00	0.152	6.60	0.040	8.00	1.000	100.00	6.40	10.58	26.4	1.15	SC	SC	
397 Oct-13		Recon Hld	1.16	96.00	0.10	384.00	111.4	445.44	0.197	5.88	0.100	8.60	0.672	57.93	12.36	11.10	53	1.05	Wardley,AFH	Wardley, AFH	
396 Oct-15		Gold-Face	1.02	150.00	0.10	600.00	153.0	612.00	0.205	4.98	0.050	7.40	1.280	125.49	9.84	6.43	18.42	0.99	SC	SC,HG,Nikko,Nomura,Kwangtung P,LCH	
385 Oct-15		Dharma Hld	1.05	120.00	0.10	480.00	126.0	504.00	0.146	7.19	0.022	7.62	0.676	64.37	14.00	11.11	26.4	0.99	SC	SC,CL	
391 Oct-18		Mgi Ah Int'l	1.02	150.00	0.10	600.00	153.0	612.00	0.205	4.98	0.050	7.40	1.280	125.49		0.00	106.3		SC	SC	

700	Oct-27	Yaohan Int'l	2.68	247.20	0.10	988.80	662.5	2649.98	0.312	8.58	0.089	5.00	1.910	71.27	28.50	4.30	41	Pere, Nomu	Many
395	Oct-28	Siu Fung Ceramics	1.68	334.50	0.10	1338.00	562.0	2247.84	0.192	8.80	0.078	7.00	0.552	32.86	31.96	5.69	37	Wardley	Wardley
323	Nov-3	Maanshan Steel	2.27	1732.93	0.90	1732.93	3933.8	3933.75	0.340	9.80	0.015	3.50	1.842	81.14	N.A.	N.A.	67.7	Wardley	Many
636	Nov-8	Int'l Bank of Asia	3.76	159.00	1.00	636.00	597.8	2391.36	0.479	13.00	0.100	4.00	2.000	53.19	N.A.	N.A.	25	Peregrine	Peregrine, JK, SC
613	Nov-12	Yugang Int'l	1.20	91.50	0.10	366.00	109.8	439.20	0.208	5.80	0.056	7.00	0.514	42.83	9.80	8.93	142	Peregrine	Peregrine
59	Nov-16	Ankor Group	1.38	195.50	0.10	782.00	269.8	1079.16	0.159	8.70	0.015	7.00	0.450	32.61	13.83	5.13	87	Bar & Ward	Baring, Wardley, Hambro
166	Dec-6	CEPA	12.50	475.00	10.0	600.00	1275.0	7500.00	0.320	39.00	0.090	1.08	9.440	75.52	N.A.	N.A.	43.1	Pere & Wally	Pere, Wally, CDFC, SHK, CEF, JP, Dean, Worldsec
300	Dec-7	Kunming Machine	1.98	65.00	0.90	65.00	128.7	128.70	0.223	8.90	0.007	3.30	2.120	107.07	9.80	7.61	627	Bar, BZW	Bar, BZW, CDFC, ShanghaiHK
330	Dec-9	Esprit Asia	1.95	187.50	0.10	750.00	365.6	1462.50	0.189	10.30	0.085	6.50	0.520	26.68	14.33	3.92	194	SHK & Paribas	Wardley
428	Dec-14	SHK Convertible	10.00	60.00	0.01	80.00	600.0	800.00	N.A.	N.A.	N.A.	N.A.	10.92	109.20	N.A.	N.A.	-0.673	MorganG, HG	MG, HG, JF, Shang, SC, Int'l Cap, DAOH, BOT
223	Dec-16	Dao Hang Bank	21.70	38.53	3.90	656.14	836.1	14,238	1.800	12.10	0.450	3.10	8.460	38.99	N.A.	N.A.	277.7	SC & New China	SC, New China, Morgan, Sanwa, Deutsche
617	Dec-17	Pailung Develop	1.00	900.00	0.10	3000.00	900.0	3000.00	0.233	4.29	0.040	6.00	0.743	74.30	36.00	4.00	8.8	WD, CD, Kinchong, Daiwa, BEA, YueXiu	WD, CD, Kinchong, Daiwa, BEA, YueXiu
382	Dec-20	Huailong Holdings	1.28	150.00	0.10	600.00	192.0	768.00	0.124	10.30	0.010	5.00	0.570	44.53	21.40	11.15	351	SC, Pere, SWiss, BEA, HG, BZW, Warb, World, Citi	SC, Pere, SWiss, BEA, HG, BZW, Warb, World, Citi
645	Dec-22	KTP Holdings	1.28	275.00	0.10	1100.00	352.0	1408.00	0.186	6.88	0.067	7.80	0.632	49.38	14.60	4.15	103.3	SC	SC

APPENDIX I : IPOs in Hong Kong between 1990 and 1994

Year 1994

Listing Date	Company Name	IPO		Over-subscription Multiple (Price		Arrangers
		Price	Shares	Amount	Day	On Ist	Day	
		HK\$	Mil	HK\$				
Apr-14	Daiwa Associate	1.17	50.000	0.16		1.18		Nomura Int'l
Apr-25	Ngai Hing Hong	1.36	50.000	0.79		1.3		Wardley
Apr-27	Cheerful Holdings	1	63.900	3.16		1.02		Standard Chartered
Apr-28	All Pantronic	1.28	68.000	1		1.2		Sun Hung Kai Int'l
Apr-29	Rich City Packaging	1	75.240	2.23		1.04		Barclays de Zoete Wedd, Goldwyn Capital
Aug-17	Qingling Motors "H"	2.07	100.000	22.48		2.73		Smith Barney Shearson, HG Asia
Dec-13	Chengdu Telecomm Cable "H"	2.8	80.000	4.91		2.425		C L Sec
Dec-15	Oriental Metals	1.5	333.900	-0.45		2.5		Peregrine, China Dev't Finance Capital
Dec-16	Harbin Power "H"	2.58	72.000	0.4		1.5		S.G. Warburg Sec.
Dec-19	Florens Group	2.88	86.806	-0.35		2.325		Sun Hung Kai Int'l
Dec-2	Zhenhai Refining & Chemical "	2.38	90.600	5.53		2.075		Baring
Dec-9	Guangnan (Holdings)	1.03	110.000	49.94		1.09		Goldwyn Capital, Nomura Int'l
Feb-14	Legend Holdings	1.33	168.750	403.74		2		Wardley, China Dev't Finance
Feb-16	Simsen Metals	1.05	52.500	188.46		1.28		Wardley, CEF Capital, Goldwyn Capital,
Feb-17	Pricerite	1.38	50.000	9.51		1.1		Wardley
Feb-18	Matrix Holdings	1	111.800	14.95		0.96		Morgan Grenfell Asia
Feb-18	Van Shung Chong	1.08	61.670	111.57		1.23		New China HK Corp. Fin
Feb-18	Win Win Int'l	1.23	75.000	64.1		1.43		China Dev't Finance
Feb-2	Contrad Int'l Holdings	1.08	72.500	214.13		1.4		Anglo Chinese Corp. Fin
Feb-2	Nam Hing	1	62.640	257.8		1.37		Standard Chartered
Feb-21	Rockapetta	1.02	60.000	5.4		0.93		Morgan Grenfell Asia
Feb-4	Jusco Stores (HK)	1.6	65.000	354.75		2.225		Nomura Int'l, Wardley Corp. Finance
Jan-10	Arnhold Holdings	1.25	49.380	582.23		2.15		Peregrine
Jan-21	Pearl Oriental	1	250.000	33.46		1.02		Lippo Asia, Daiwa
Jan-25	Theme Int'l	1.08	90.000	346.04		1.41		Wardley

Jan-27	Albatronics	1.78	50,000	225.42	2.525	Wardley, Sakura Finance Asia
Jul-11	Liu Chong Hing Bank	10	100,000	8.96	10.1	Wardley, Schroders Asia, Morgan Stanley As
Jul-15	Dah Bang	1.33	50,000	-0.2	0.825	Morgan Grenfell Asia
Jul-8	Luoyang Glass "H"	3.65	68,500	0.02	2.91	China Dev't Finance
Jun-21	China Pharmaceutical	1.05	186,000	2.27	0.92	Peregrine
Jun-22	Sinocan Holdings	1.7	200,000	3.62	1.57	Wardley
Jun-6	Dongfang Electrical Machinery	2.83	112,500	14.1	3.175	Nomura Int'l
Jun-8	Noble Group	1.03	80,000	0.42	1.05	Swiss Bank Corp
Mar-15	Chaifa Holdings	1.06	51,000	0.86	0.99	Standard Chartered
Mar-18	Cheung Tai Hong	1.2	199,920	0.08	0.9	Peregrine
Mar-29	Yizheng Chemical Fibre "H"	2.38	300,000	19.18	2.425	S.G. Warburg Sec.
Mar-30	Vitasoy Int'l	2.28	127,200	48.74	2.7	Wardley
May-10	HB Int'l Holdings	1	112,500	1.87	0.9	Lippo Asia, Nikko Securities
May-12	Interform Ceramics	1.22	150,000	0.07	1.01	Standard Chartered
May-17	Tianjin Bohai Chemical "H"	1.2	340,000	0.0025	1.1	JF Sec., China Dev't Fina
Nov-11	Shanghai Hai Xing Shipping "H"	1.46	216,000	12.95	1.65	Morgan Grenfell Asia
Nov-23	Golden Harvest	1.93	125,000	50.81	2.15	Wardley
Nov-7	Logic Int'l	1.65	50,000	2.11	1.75	Wardley
Oct-17	Ideal Pacific	1	102,063	-0.23	0.75	Lippo Asia
Oct-17	S.A.S. Dragon	1	60,000	2.31	1.01	South China Capital
Oct-18	Tricom	1.2	63,700	0.12	1.03	Morgan Grenfell Asia
Oct-26	Wing Fai	1	97,000	-0.78	0.69	Standard Chartered
Oct-3	Pacific Andes	1.38	70,000	4.36	1.46	Standard Chartered
Sep-19	China-HK Photo Products	1.8	250,000	0.59	1.72	Wardley
Sep-29	Kingmaker Footwear	1	108,000	9.35	1.02	Lippo Asia

APPENDIX II

a) A SET OF IPOs FOR PRE-LISTING STUDY

Underwriter	Issuers	1st Day IPO Return	Neutralized Return On									
			Day -10	Day -9	Day -8	Day -7	Day -6	Day -5	Day -4	Day -3	Day -2	Day -1
Peregrine	Fu Hui	0.02		0.01	-0.01	0.00	-0.02	-0.03	0.01	0.01	-0.02	0.00
Peregrine	Golden Resources	0.53		0.00	0.00	-0.02	0.01	0.01	-0.01	0.00	0.02	0.04
Peregrine	Tung Wing Steel	-0.05		0.00	-0.01	0.01	0.00	0.00	-0.01	0.01	-0.01	0.01
Peregrine	China Paint	0.33		0.02	0.00	-0.01	0.00	0.02	-0.04	0.00	0.05	0.05
Peregrine	Woo Kee Hong	0.17		-0.01	0.04	-0.01	0.00	-0.01	0.02	0.00	0.00	0.02
Peregrine	Double Kingdom	-0.04		0.00	-0.01	-0.01	0.00	0.01	0.04	0.00	0.00	0.01
Peregrine	Shun Shing Holding	0.03		-0.02	0.03	0.03	-0.01	-0.02	0.00	-0.02	-0.03	-0.01
Peregrine	Welback Holdings	0.24		0.04	-0.01	-0.02	-0.02	-0.02	0.00	-0.01	0.00	-0.01
Peregrine	Mansion Holding Ltd.	0.20		-0.02	0.01	0.00	0.00	0.01	-0.01	0.01	0.01	0.05
Peregrine	China Travel International	1.38		0.00	0.00	0.00	-0.01	-0.01	-0.01	0.01	-0.02	0.00
Peregrine	Group Sense International	0.62		0.01	0.01	0.00	-0.01	0.01	0.02	0.00	-0.02	0.00
Peregrine	Chun Wo Holding	0.05		0.01	-0.01	0.00	0.02	0.00	-0.01	0.01	0.00	0.00
Peregrine	Denway Investment	0.80		0.00	0.01	0.00	0.00	-0.01	0.00	0.00	0.00	0.01
Peregrine	Wing Shan International	0.47		0.01	0.02	-0.01	0.01	0.00	0.00	0.01	0.00	-0.02
Peregrine	KPI	0.45		0.01	0.02	-0.01	0.01	0.00	0.02	-0.01	0.00	-0.01
Peregrine	Wanon International	0.14		0.01	-0.01	4.06	-0.02	0.07	0.02	0.02	-0.03	0.00
Peregrine	CIL Holdings	0.09		-0.01	-0.03	0.02	-0.07	0.00	0.04	0.01	-0.02	-0.02
Peregrine	Paul Y - ITC	0.11		0.01	-0.03	0.00	0.01	-0.02	-0.02	-0.01	-0.02	0.00
Peregrine	CEPA	0.20		0.01	-0.01	0.02	0.05	-0.04	0.02	-0.01	0.01	0.00
Peregrine	KTP Holdings	-1.00		-0.01	-0.01	0.04	-0.03	-0.01	0.00	0.00	-0.01	0.04
Peregrine	Oriental Metals	0.00		0.00	-0.02	-0.03	-0.07	-0.01	0.01	-0.02	-0.04	0.13
SHK	Florens Group	-0.19		-0.01	0.00	0.02	-0.01	0.00	0.04	0.03	-0.02	0.00
Jardine Matheson	Hanwah	0.01		0.00	0.00	-0.01	0.00	-0.01	0.00	0.01	0.01	0.02

Jardine Matheson	Ocean Information	0.10	0.00	-0.01	-0.02	0.03	-0.01	0.00	0.00	-0.01	0.01	0.01
Jardine Matheson	PICO F.E. Ltd.	0.04	-0.01	0.02	0.02	-0.02	0.00	0.00	-0.01	0.00	0.01	0.00
Jardine Matheson	Tianjin Bohan	-0.08	-0.03	-0.02	0.00	0.03	-0.02	0.00	0.06	0.00	0.02	0.03
Lippo Asia	Anex International Holding	0.02	-0.01	-0.02	0.00	0.01	-0.02	0.00	-0.01	-0.01	-0.01	0.02
Lippo Asia	Tack Hsin Holdings	0.48	0.01	0.00	-0.02	0.00	0.00	0.01	-0.02	0.00	0.01	0.02
Lippo Asia	Starlite Holdings	0.00	0.00	0.00	0.00	0.01	-0.01	0.01	0.00	-0.02	0.02	-0.01
Lippo Asia	Four Seas Merchant	1.20	0.01	0.04	-0.03	0.00	-0.03	-0.03	-0.02	0.03	0.01	0.00
Lippo Asia	Moulin	0.03	-0.01	-0.01	-0.01	-0.01	-0.02	-0.01	-0.01	-0.03	-0.01	-0.03
Lippo Asia	Pearl Oriental	0.02	0.00	0.00	0.01	0.03	0.00	-0.02	0.02	0.01	-0.02	0.04
Lippo Asia	HB International Holdings	-0.10	-0.03	0.01	-0.01	0.03	0.00	0.01	0.01	-0.01	-0.01	0.00
Lippo Asia	Kingmaker Footwear	0.02	0.02	-0.01	0.00	0.02	-0.02	0.07	0.04	-0.03	0.01	0.02
Lippo Asia	Ideal Pacific	-0.25	0.00	0.02	0.09	0.00	-0.02	0.06	0.03	-0.03	-0.02	-0.01
South China	Star Entertainment	0.17	0.00	-0.01	0.06	0.06	0.01	-0.03	-0.01	0.01	-0.03	0.00
South China	S.A.S. Dragon	0.01	-0.02	0.00	0.00	0.02	-0.04	0.01	0.00	-0.01	-0.04	-0.03
Seapower	Wanon International	0.14	0.01	0.03	-0.04	-0.03	0.00	0.01	-0.02	-0.08	0.03	0.02
Seapower	Paul Y - ITC	0.11	-0.01	0.00	-0.01	0.00	0.00	-0.03	0.00	-0.03	0.01	0.00
Union Bank	Hai Hong Ltd.	1.82	0.05	-0.02	0.00	0.02	0.02	0.00	0.00	-0.02	-0.01	0.03

APPENDIX II

b) A SET OF UNDERWRITERS' IPOs FOR POST-LISTING STUDY

Underwriter	IPO Company	IPO Initial Return	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10
Peregrine	Fu Hui	0.01767	-0.021	0.004	-0.002	-0.008	0.002	-0.004	-0.011	0.012	-0.011	-0.003
Peregrine	Golden Resources	0.5254	-0.010	0.010	-0.013	-0.006	-0.020	0.007	0.029	0.021	0.004	-0.010
Peregrine	Tung Wing Steel	-0.049	-0.022	-0.016	0.028	0.019	0.020	N/A	N/A	N/A	N/A	N/A
Peregrine	China Paint	0.3333	-0.008	-0.006	-0.018	-0.043	0.016	0.012	0.036	-0.027	-0.005	0.006
Peregrine	Woo Kee Hong	0.1679	-0.008	0.005	-0.008	-0.003	0.003	0.013	0.063	0.003	-0.012	0.022
Peregrine	Double Kingdom	-0.0417	-0.008	-0.002	-0.003	-0.009	0.002	0.000	-0.001	-0.013	-0.007	-0.015
Peregrine	Shun Shing Hld	0.02778	-0.007	-0.007	0.015	0.000	-0.006	0.016	-0.004	0.007	0.027	-0.004
Peregrine	Welback Holdings	0.024	-0.009	0.026	0.007	-0.012	0.009	0.001	-0.018	N/A	N/A	N/A
Peregrine	Mansion Holding Ltd	0.2	0.008	0.032	0.020	-0.009	0.003	-0.043	0.017	-0.016	0.016	-0.008
Peregrine	Chung Tai Printing	-0.12	-0.006	-0.001	0.003	-0.019	-0.001	0.003	-0.009	0.000	-0.018	N/A
Peregrine	Alco	-0.1495	0.014	-0.008	-0.011	-0.064	0.052	-0.038	0.047	-0.009	-0.011	-0.002
Peregrine	Group Sense Int'l	0.61765	0.009	-0.007	-0.005	0.019	0.005	-0.011	-0.002	N/A	N/A	N/A
Peregrine	Denway Investment	0.80328	0.013	0.031	-0.016	0.011	0.004	-0.003	-0.003	0.018	-0.016	-0.008
Peregrine	Wing Shan Int'l	0.4706	0.022	-0.010	-0.014	-0.002	-0.005	N/A	N/A	N/A	N/A	N/A
Peregrine	Yeebo Int'l	0.36667	-0.001	0.013	0.015	-0.027	0.000	0.011	-0.024	-0.025	-0.008	-0.010
Peregrine	CEPA	0.2	0.017	-0.013	-0.013	0.040	-0.031	-0.011	0.002	-0.005	-0.039	-0.006
Peregrine	Oriental Metals	0	0.059	-0.056	-0.059	0.002	-0.025	0.007	-0.051	0.014	-0.021	-0.002
Peregrine	Wanong Int'l	0.14	0.027	0.022	-0.019	0.032	0.055	-0.017	-0.008	0.039	0.008	0.042
Seapower	Paul Y	0.1125	-0.038	0.003	-0.009	0.010	-0.003	-0.011	0.008	-0.009	-0.016	0.002
Seapower	SAS Dragon	0.01	0.004	-0.035	-0.014	0.026	-0.016	-0.008	-0.001	-0.006	-0.008	-0.028
SChina	Star Entertainment	0.16667	0.001	-0.008	0.005	0.027	-0.022	-0.087	-0.003	0.032	0.031	0.001
SChina	Anex Int'l	0.01818	0.005	-0.008	-0.012	-0.005	-0.003	-0.011	0.010	0.006	-0.018	0.083
Lippo	HKCB	0.3375	0.016	-0.024	-0.024	-0.014	0.000	0.051	0.057	0.057	0.004	-0.010
Lippo	Starlite	0	0.024	0.013	0.003	0.005	-0.006	-0.010	-0.015	-0.058	0.023	-0.018
Lippo	Four Seas Merchant	1.2	-0.007	0.003	-0.017	0.024	0.012	-0.008	0.005	-0.009	-0.002	-0.003
Lippo	Moulin	0.02941	-0.015	0.016	-0.012	0.042	-0.001	0.032	-0.026	-0.048	-0.036	-0.011
Lippo	Pearl Oriental	0.02	-0.035	0.049	0.027	-0.020	-0.014	-0.015	-0.035	0.009	0.017	0.062
Lippo	HB International	-0.1	-0.021	-0.013	-0.013	-0.018	0.028	-0.063	0.013	-0.046	-0.082	0.005
Lippo	Ideal Pacific	-0.25	-0.016	0.015	-0.039	-0.015	-0.007	-0.004	0.017	-0.014	0.001	0.048
Lippo	Star Paging	-0.0833	-0.017	-0.001	-0.010	0.022	-0.007	-0.025	-0.001	-0.006	0.004	-0.009
SHK	M.C.Pachaging	1.07813	-0.011	0.002	0.017	0.000	-0.005	-0.001	0.011	-0.020	-0.005	0.008
SHK	Guangzhou Invest	0.37143	0.006	-0.009	0.017	-0.027	-0.036	0.023	0.003	0.009	-0.009	0.012

APPENDIX II

b) A SET OF UNDERWRITERS' IPOs FOR POST-LISTING STUDY

Underwriter	IPO Company	IPO Initial Return	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10
SHK	SHK CConvertible	-0.1	-0.002	-0.040	0.007	-0.004	0.055	-0.026	-0.016	0.040	0.004	0.002
SHK	All Pantronic	-0.0625	0.010	-0.029	-0.018	0.023	-0.005	0.008	0.010	-0.014	-0.017	-0.003
SHK	Florens Group	-0.1927	-0.011	-0.031	-0.002	0.004	-0.011	0.001	0.009	0.018	N/A	N/A
Union	Hai Hong Hld	1.81667	0.006	0.029	0.017	-0.004	-0.042	-0.006	-0.012	0.031	0.012	0.011
Jardine	Great Wall Electric	0.18447	0.007	-0.006	-0.003	-0.043	-0.008	0.012	0.006	0.011	0.015	0.000
Jardine	S Megga	0	-0.018	0.012	0.005	-0.006	0.023	0.002	-0.005	-0.010	-0.007	0.016
Jardine	Ocean Information	0.1	-0.030	0.014	0.018	0.001	-0.028	0.022	-0.019	0.001	-0.001	0.009
Jardine	Yue Yuen	0.35593	-0.006	0.006	0.003	0.005	0.001	-0.009	0.007	-0.018	0.003	0.002
Jardine	PICO	0.04	-0.016	0.004	-0.004	-0.022	-0.002	-0.006	0.001	0.018	0.016	0.004
Jardine	Tianjin Bohai	-0.08333	0.014	-0.004	-0.004	0.004	-0.006	0.038	0.012	-0.023	0.002	0.013

APPENDIX II

c) A SET OF LEAD-UNDERWRITERS' IPOs FOR PRE-LISTING STUDY

Lead-underwriter	Issuers	Offer Price	1st Day Closing	1st Day IPO Return	Neutralized Return On										
					Day -10	Day -9	Day -8	Day -7	Day -6	Day -5	Day -4	Day -3	Day -2	Day -1	
Peregrine	Juko	1.33	1.55	0.17	-0.01	0.02	-0.02	-0.01	0.01	-0.01	-0.01	0.01	-0.01	-0.01	
Peregrine	Fu Hui	1.13	1.15	0.02	0.01	-0.01	0.00	-0.02	-0.03	0.01	0.01	0.00	-0.02	0.00	
Peregrine	Golden Resources	1.18	1.8	0.53	0.00	0.00	-0.02	0.01	0.01	-0.01	0.00	-0.01	0.02	0.04	
Peregrine	Tung Wing Steel	1.02	0.97	-0.05	0.00	-0.01	0.01	0.00	0.00	-0.01	0.01	0.00	-0.01	0.01	
Peregrine	China Paint	1.08	1.44	0.33	0.02	0.00	-0.01	0.00	0.02	-0.04	-0.01	0.00	0.05	0.05	
Peregrine	Woo Kee Hong	1.37	1.6	0.17	-0.01	0.04	-0.01	0.00	-0.01	0.02	0.00	-0.01	0.00	0.02	
Peregrine	Double Kingdom	1.2	1.15	-0.04	0.00	-0.01	-0.01	0.00	0.01	0.04	0.00	-0.02	0.00	0.01	
Peregrine	Hanwah	1	1.01	0.01	0.00	0.00	-0.01	0.00	-0.01	0.00	-0.02	0.01	0.01	0.02	
Jardine Matheson	Star Pagine	1.08	0.99	-0.08	0.02	0.00	0.00	-0.02	0.01	-0.01	-0.02	-0.02	0.02	0.01	
SHK	Innovative Int'l	1.06	1.1	0.04	0.00	0.01	0.00	0.00	-0.01	0.00	0.03	-0.47	-0.02	-0.03	
Peregrine	Yiu Wing Int'l	1	1.06	0.06	0.01	0.00	-0.03	0.00	-0.01	-0.01	-0.01	0.00	-0.02	0.00	
Peregrine	Termbay	1.12	1.2	0.07	-0.03	0.00	-0.01	0.01	-0.01	0.00	0.00	0.02	-0.02	-0.03	
Peregrine	Hanny Magnetics	1.2	1.21	0.01	0.01	-0.01	-0.01	0.01	0.02	0.00	0.00	0.02	-0.02	-0.01	
Peregrine	Shun Shing Holding	1.08	1.11	0.03	-0.02	0.03	0.03	-0.01	-0.02	0.00	0.00	-0.02	-0.03	-0.01	
Peregrine	Welback Holdings	1	1.24	0.24	0.04	-0.01	-0.02	-0.02	-0.02	0.00	-0.01	-0.01	0.00	-0.01	
Peregrine	Mansion Holding Ltd.	1	1.2	0.20	-0.02	0.01	0.00	0.00	0.01	-0.01	-0.02	0.01	0.01	0.05	
Peregrine	China Travel International	1	2.375	1.38	0.00	0.00	0.00	-0.01	-0.01	0.00	0.00	0.01	-0.02	0.00	
Peregrine	Ocean Information	2	2.2	0.10	0.00	-0.01	-0.02	0.03	-0.01	0.00	0.00	-0.01	0.01	0.01	
Jardine Matheson	High Fashion	2.33	2.2	-0.06	-0.01	0.01	-0.02	-0.02	0.00	0.03	0.00	0.00	-0.01	0.03	
Peregrine	Winton Holding Ltd.	2.8	2.575	-0.08	0.00	-0.01	0.03	0.02	0.01	0.02	0.02	0.02	0.04	0.05	
Peregrine	China Overseas Land & I	1.03	1.33	0.29	0.01	0.00	0.00	0.02	0.00	-0.01	0.00	-0.03	0.02	0.00	
Peregrine	Wai Kee Holding	1.5	1.53	0.02	0.00	-0.03	0.02	0.00	0.00	0.02	-0.02	-0.02	0.03	-0.01	
Jardine Matheson	PICO F.E. Ltd.	1	1.04	0.04	-0.01	0.02	0.02	-0.02	0.00	0.00	0.00	0.01	0.00	0.00	
Seapower	Four Seas Travel	0.8	1.25	0.56	-0.01	-0.02	-0.01	-0.02	0.00	0.01	-0.02	-0.02	-0.03	0.03	
South China	Star Entertainment	1.02	1.19	0.17	0.00	-0.01	0.06	0.06	0.01	-0.03	-0.01	0.01	-0.03	0.00	
Peregrine	Alco Holdings Ltd.	1.07	0.91	-0.15	0.00	0.00	-0.01	-0.01	-0.06	0.05	-0.04	0.05	-0.01	-0.01	
Peregrine	Le Saunda	1.3	1.44	0.11	0.00	0.01	0.00	0.00	0.01	0.02	0.00	-0.01	-0.02	0.00	
Peregrine	Group Sense International	1.02	1.65	0.62	0.01	0.01	0.00	0.00	-0.01	0.01	0.00	0.00	0.01	0.01	
Peregrine	Denway Investment	1.22	2.2	0.80	0.00	0.01	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	-0.02	
Peregrine	Wing Shan International	1.02	1.5	0.47	0.01	0.02	-0.01	0.01	0.07	0.02	0.00	0.01	0.00	0.00	
Peregrine	Wan-on International	1	1.14	0.14	0.01	-0.01	4.06	-0.02	0.00	0.01	0.02	-0.01	0.00	0.05	
Peregrine	Dransfield	1.08	1.53	0.42	-0.01	0.01	0.00	-0.07	0.00	0.04	0.01	-0.01	-0.03	0.00	
Peregrine	CIL Holdings	1	1.09	0.09	-0.01	-0.03	0.02	0.01	-0.02	-0.02	-0.01	-0.01	-0.02	0.00	
Peregrine	Paul Y - ITC	2	2.225	0.11	0.01	-0.03	0.00	0.01	0.01	-0.02	-0.01	-0.01	-0.02	-0.03	
Peregrine	Nority	0.84	1.01	0.20	-0.01	-0.02	0.00	-0.04	0.02	0.01	0.03	0.01	-0.01	-0.03	
South China	Starlite Holdings	1	1	0.00	0.00	0.00	0.00	0.01	-0.01	0.01	0.00	-0.02	0.02	-0.01	
Lippo Asia															

Lippo Asia	Four Seas Merchant	1	2.2	1.20	0.01	0.04	-0.03	0.00	-0.03	-0.01	-0.02	-0.03	0.03	0.01	0.00
Lippo Asia	Moulin	1.02	1.05	0.03	-0.01	-0.01	-0.01	-0.01	-0.02	-0.02	-0.01	-0.01	-0.03	-0.01	-0.03
Peregine	Guangzhou Shipyard	2.08	2.4	0.15	-0.01	0.00	0.00	0.00	0.00	0.00	0.02	0.01	0.01	0.01	0.04
Peregine	Stone Electronics	1.26	2.65	1.10	0.02	0.01	0.01	0.04	0.02	0.02	-0.01	0.05	0.00	-0.01	0.02
Peregine	Yeebo Int'l	1.5	2.05	0.37	-0.02	0.01	0.00	0.00	-0.01	-0.01	-0.01	0.00	0.00	0.00	0.00
Lippo	Moulin	1.02	1.05	0.03	-0.01	-0.01	-0.01	-0.01	-0.02	-0.01	-0.01	-0.03	-0.03	-0.01	-0.03
SHK	SHK Convertible	10	9	-0.10	-0.01	-0.01	0.00	0.00	0.02	0.01	0.00	-0.02	0.04	0.04	-0.01
Peregine	Arnhold Holdings	1.25	2.15	0.72	-0.02	-0.02	0.03	-0.01	-0.02	0.06	-0.04	0.00	0.00	0.01	-0.02
Peregine	Cheung Tai Hong	1.2	0.9	-0.25	0.01	0.00	-0.03	0.03	0.00	0.02	-0.04	0.00	0.00	-0.01	0.00
Peregine	China Pharmaceutical	1.05	0.92	-0.12	0.01	-0.02	0.02	0.00	0.03	-0.02	0.00	0.00	0.00	0.00	0.01
Peregine	Oriental Metals	1.5	1.5	0.00	0.00	-0.02	-0.03	-0.07	-0.01	0.01	-0.02	-0.01	-0.01	-0.04	0.13
SHK	Florens Group	2.88	2.325	-0.19	-0.01	0.00	0.02	-0.01	0.00	0.04	-0.01	0.03	0.03	-0.02	0.00
Jardine Matheson	Tianjin Bohan	1.2	1.1	-0.08	-0.03	-0.02	0.00	0.03	-0.02	0.00	0.06	0.00	0.02	0.02	0.03
Lippo Asia	Pearl Oriental	1	1.02	0.02	0.00	0.00	0.01	0.03	0.00	-0.02	0.02	0.01	0.01	-0.02	0.04
Lippo Asia	HB International Holdings	1	0.9	-0.10	-0.03	0.01	-0.01	0.03	0.00	0.01	0.01	-0.01	-0.01	-0.01	0.00
Lippo Asia	Kingmaker Footwear	1	1.02	0.02	0.02	-0.01	0.00	0.02	-0.02	0.07	0.04	-0.03	-0.03	0.01	0.02
Lippo Asia	Ideal Pacific	1	0.75	-0.25	0.00	0.02	0.09	0.00	-0.02	0.06	0.03	-0.03	-0.03	-0.02	-0.01
South China	S.A.S. Dragon	1	1.01	0.01	-0.02	0.00	0.00	0.02	-0.04	0.01	0.00	-0.01	-0.01	-0.04	-0.03

APPENDIX II

d) A SET OF UNDERWRITERS' IPOs FOR POST-LISTING STUDY

Underwriter	IPO Company	IPO Initial Return	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10
Peregrine	Fu Hui	0.02	-0.02	0.00	0.00	-0.01	0.00	0.00	-0.01	0.01	-0.01	0.00
Peregrine	Golden Resorces	0.53	-0.01	0.01	-0.01	-0.01	-0.02	0.01	0.03	0.02	0.00	-0.01
Peregrine	Tung Wing Steel	-0.05	-0.02	-0.02	0.03	0.02	0.02	0.01	0.04	-0.03	0.00	0.01
Peregrine	China Paint	0.33	-0.01	-0.01	-0.02	-0.04	0.00	0.01	0.06	0.00	-0.01	0.02
Peregrine	Woo Kee Hong	0.17	-0.01	0.01	-0.01	0.00	-0.01	-0.02	-0.01	0.00	-0.02	0.03
Peregrine	Innovative Int'l	0.04	-0.01	0.01	-0.03	0.01	0.00	0.00	0.00	-0.01	-0.01	-0.02
Peregrine	Double Kingdom	-0.04	0.00	0.00	0.00	-0.01	0.00	0.02	0.00	0.01	0.03	0.00
Peregrine	Shum Shing Hld	0.03	-0.01	-0.01	0.02	0.00	-0.01	0.00	-0.02	-0.02	0.02	-0.01
Peregrine	Welback Holdings	0.02	-0.01	0.03	0.01	-0.01	0.01	0.00	0.02	-0.02	0.03	-0.01
Peregrine	Mansion Holding Ltd	0.20	0.01	0.03	0.02	-0.01	0.00	-0.04	0.04	0.03	0.03	-0.01
Peregrine	China Travel Int'l	1.88	-0.04	-0.02	0.00	-0.05	-0.03	-0.02	-0.02	0.00	0.05	0.03
Peregrine	Le Saunda	0.11	0.00	0.00	-0.01	0.00	0.04	-0.02	-0.02	-0.01	-0.01	0.00
Peregrine	Alco	-0.15	0.01	-0.01	-0.01	-0.06	0.05	-0.04	0.05	-0.01	-0.01	0.00
Peregrine	Group Sense Int'l	0.62	0.01	-0.01	0.00	0.02	0.00	-0.01	0.00	0.02	-0.02	-0.01
Peregrine	Denway Investment	0.80	0.01	0.03	-0.02	0.01	0.00	0.00	0.00	0.02	-0.02	-0.01
Peregrine	Wing Shan Int'l	0.47	0.02	-0.01	-0.01	0.00	-0.01	0.01	-0.02	-0.02	-0.01	-0.01
Peregrine	Yeebo Int'l	0.37	0.00	0.01	0.01	-0.03	0.00	0.01	-0.05	0.01	-0.02	0.00
Peregrine	Oriental Metals	0.00	0.06	-0.06	-0.06	0.00	-0.02	-0.02	-0.01	0.04	0.01	0.04
Seapower	Wanon Int'l	0.14	0.03	0.02	-0.02	0.03	0.06	-0.02	-0.01	-0.01	-0.02	0.00
Seapower	Paul Y	0.11	-0.04	0.00	-0.01	0.01	0.00	-0.01	0.01	-0.01	-0.01	-0.03
SChina	SAS Dragon	0.01	0.00	-0.03	-0.01	0.03	-0.02	-0.01	0.00	0.03	0.03	0.00
SChina	Star Entertainment	0.17	0.00	-0.01	0.01	0.03	-0.02	-0.09	0.00	0.03	0.02	-0.02
Lippo	Starlite	0.00	0.02	0.01	0.00	0.01	-0.01	-0.01	-0.02	-0.06	0.00	0.00
Lippo	Four Seas Merchant	1.20	-0.01	0.00	-0.02	0.02	0.01	-0.01	0.00	-0.01	0.00	-0.01
Lippo	Moulin	0.03	-0.02	0.02	-0.01	0.04	0.00	0.03	-0.03	-0.05	-0.04	0.06
Lippo	Pearl Oriental	0.02	-0.03	0.05	0.03	-0.02	-0.01	-0.02	-0.04	0.01	0.02	0.00
Lippo	HB International	-0.10	-0.02	-0.01	-0.01	-0.02	0.03	-0.06	0.01	-0.05	-0.08	0.05
Lippo	Ideal Pacific	-0.25	-0.02	0.01	-0.04	-0.02	-0.01	0.00	0.02	-0.01	0.00	0.00
SHK	Star Paging	-0.08	-0.02	0.00	-0.01	0.02	-0.01	-0.03	0.00	-0.01	0.00	-0.01

SHK	SHK COnvertible	-0.10	0.00	-0.04	0.01	0.00	0.05	-0.03	-0.02	0.04	0.00	0.00
SHK	All Pantronic	-0.06	0.01	-0.03	-0.02	0.02	-0.01	0.01	0.01	-0.01	-0.02	0.00
SHK	Florens Group	-0.19	-0.01	-0.03	0.00	0.00	-0.01	0.00	0.01	0.02	0.01	0.01
Union	Hai Hong Hld	1.82	0.01	0.03	0.02	0.00	-0.04	-0.01	-0.01	0.03	0.01	0.01
Jardine	Ocean Information	0.10	-0.03	0.01	0.02	0.00	-0.03	0.02	-0.02	0.00	0.00	0.01
Jardine	PICO	0.04	-0.02	0.00	0.00	-0.02	0.00	-0.01	0.00	0.02	0.02	0.00

APPENDIX III

BETAS OF COMPANIES UNDER STUDIED
(IF HANG SENG INDEX'S RETURN IS CHOSEN
TO REPRESENT THE EFFICIENT MARKET'S RETURN)

Company	Betas
Peregrine Investment Holdings	1.050
Seapower	1.010
South China	0.830
Lippo (Asia) Limited	0.920
Jardine Matheson	1.000
Sun Hung Kai Company Limited	1.030
Union (Asia) Bank	0.910

APPENDIX IV

CORRELATION COEFFICIENT FOR OFFER PERIOD

	IPO Return	Day -10	Day -9	Day -8	Day -7	Day -6
IPO Return	1.0000 P= .	.5000 P= .001	.1331 P= .407	-.0340 P= .833	.1207 P= .452	.1514 P= .345
Day -10	.5000 P= .001	1.0000 P= .	-.1116 P= .487	.0824 P= .609	.0032 P= .984	.1857 P= .245
Day -9	.1331 P= .407	-.1116 P= .487	1.0000 P= .	-.0987 P= .539	.0096 P= .953	-.0629 P= .696
Day -8	-.0340 P= .833	.0824 P= .609	-.0987 P= .539	1.0000 P= .	-.1268 P= .430	.6443 P= .000
Day -7	.1207 P= .452	.0032 P= .984	.0096 P= .953	-.1268 P= .430	1.0000 P= .	-.1203 P= .454
Day -6	.1514 P= .345	.1857 P= .245	-.0629 P= .696	.6443 P= .000	-.1203 P= .454	1.0000 P= .
Day -5	-.2566 P= .105	-.0146 P= .928	-.0389 P= .809	.1211 P= .451	-.2121 P= .183	-.0734 P= .648
Day -4	-.1523 P= .342	-.2246 P= .158	-.2362 P= .137	-.0708 P= .660	.2310 P= .146	-.1728 P= .280
Day -3	.0934 P= .561	.0876 P= .586	.1759 P= .271	-.0282 P= .861	.0623 P= .699	.0500 P= .756
Day -2	.0830 P= .606	.2168 P= .173	.2690 P= .089	.0076 P= .962	.1893 P= .236	.1919 P= .229
Day -1	-.0324 P= .840	.0014 P= .993	-.1969 P= .217	-.1202 P= .454	-.2756 P= .081	.1621 P= .311

(Coefficient / 2-tailed Significance)

" ." is printed if a coefficient cannot be computed

APPENDIX V

CORRELATION COEFFICIENT FOR POST-LISTING PERIOD

	IPO Return	Day1	Day2	Day3	Day4	Day5
IPO Return	1.0000 P= .	.1162 P= .464	.2897 P= .063	.1479 P= .350	.0979 P= .537	-.2720 P= .081
Day1	.1162 P= .464	1.0000 P= .	-.3635 P= .018	-.4637 P= .002	.0742 P= .640	-.0290 P= .855
Day2	.2897 P= .063	-.3635 P= .018	1.0000 P= .	.4180 P= .006	-.0840 P= .597	-.0303 P= .849
Day3	.1479 P= .350	-.4637 P= .002	.4180 P= .006	1.0000 P= .	-.1167 P= .462	-.0642 P= .686
Day4	.0979 P= .537	.0742 P= .640	-.0840 P= .597	-.1167 P= .462	1.0000 P= .	-.1711 P= .279
Day5	-.2720 P= .081	-.0290 P= .855	-.0303 P= .849	-.0642 P= .686	-.1711 P= .279	1.0000 P= .
Day6	.0710 P= .663	.0664 P= .684	-.0446 P= .785	-.0953 P= .558	-.0666 P= .683	-.2633 P= .101
Day7	.0271 P= .868	-.0550 P= .736	-.1097 P= .501	-.1751 P= .280	-.2921 P= .067	.2108 P= .192
Day8	.1749 P= .294	.1773 P= .287	-.1608 P= .335	-.0385 P= .818	-.0063 P= .970	-.0317 P= .850
Day9	.1423 P= .401	.0588 P= .729	.2615 P= .118	.3612 P= .028	-.0807 P= .635	-.1350 P= .426
Day10	-.0965 P= .576	-.1609 P= .349	.2936 P= .082	.0268 P= .877	-.1448 P= .400	.0854 P= .621

(Coefficient / 2-tailed Significance)

" . " is printed if a coefficient cannot be computed

APPENDIX VI

CORRELATION COEFFICIENT OF LEAD-UNDERWRITERS

IN OFFER PERIOD

	IPO Return	Day -10	Day -9	Day -8	Day -7	Day -6
IPO Return	1.0000 P= .	.1577 P= .255	.2472 P= .071	-.0197 P= .888	.0025 P= .986	.0027 P= .984
Day -10	.1577 P= .255	1.0000 P= .	-.0767 P= .581	.1117 P= .421	.0562 P= .686	.1642 P= .235
Day -9	.2472 P= .071	-.0767 P= .581	1.0000 P= .	-.0823 P= .554	.1520 P= .272	-.1643 P= .235
Day -8	-.0197 P= .888	.1117 P= .421	-.0823 P= .554	1.0000 P= .	-.1123 P= .419	.5225 P= .000
Day -7	.0025 P= .986	.0562 P= .686	.1520 P= .272	-.1123 P= .419	1.0000 P= .	-.0105 P= .940
Day -6	.0027 P= .984	.1642 P= .235	-.1643 P= .235	.5225 P= .000	-.0105 P= .940	1.0000 P= .
Day -5	-.2500 P= .068	-.1287 P= .354	-.1000 P= .472	.0941 P= .499	-.2362 P= .085	-.1973 P= .153
Day -4	-.1782 P= .197	-.1349 P= .331	-.0696 P= .617	-.0463 P= .740	.1177 P= .397	.0428 P= .759
Day -3	.1393 P= .315	-.0219 P= .875	-.0521 P= .708	-.0016 P= .991	.0278 P= .842	.0314 P= .822
Day -2	.0097 P= .944	.1457 P= .293	.0152 P= .913	.0174 P= .901	.2121 P= .124	.2505 P= .068
Day -1	.0168 P= .904	.0265 P= .849	-.0272 P= .845	-.0917 P= .510	-.1272 P= .359	.1307 P= .346

(Coefficient / 2-tailed Significance)

" . " is printed if a coefficient cannot be computed

APPENDIX VII

CORRELATION COEFFICIENT OF LEAD-UNDERWRITERS
IN POST-LISTING PERIOD

	IPO_RET	DAY1	DAY2	DAY3	DAY4
IPO_RET	1.0000 P= .	-.0301 P= .864	.1983 P= .254	.1250 P= .474	-.1203 P= .491
DAY1 .1414	-.0301 P= .864	1.0000 P= .	-.2725 P= .113	-.4409 P= .008	.1683 P= .334
DAY2	.1983 P= .254	-.2725 P= .113	1.0000 P= .	.3820 P= .024	-.0654 P= .709
DAY3	.1250 P= .474	-.4409 P= .008	.3820 P= .024	1.0000 P= .	-.1057 P= .546
DAY4	-.1203 P= .491	.1683 P= .334	-.0654 P= .709	-.1057 P= .546	1.0000 P= .
DAY5	-.3633 P= .032	.1414 P= .418	-.0754 P= .667	-.0601 P= .731	-.0878 P= .616
DAY6	.0324 P= .858	-.0283 P= .876	.0606 P= .738	-.0963 P= .594	.0718 P= .691
DAY7	.1763 P= .326	-.2407 P= .177	-.0599 P= .741	-.0668 P= .712	-.4040 P= .020
DAY8	.3294 P= .070	.0343 P= .855	-.1045 P= .576	.0807 P= .666	.0136 P= .942
DAY9	.2398 P= .202	.0202 P= .915	.1916 P= .310	.3797 P= .038	-.0500 P= .793
DAY10	-.1364 P= .472	-.1859 P= .325	.4080 P= .025	-.0487 P= .798	-.0896 P= .638

(Coefficient / 2-tailed Significance)

" . " is printed if a coefficient cannot be computed

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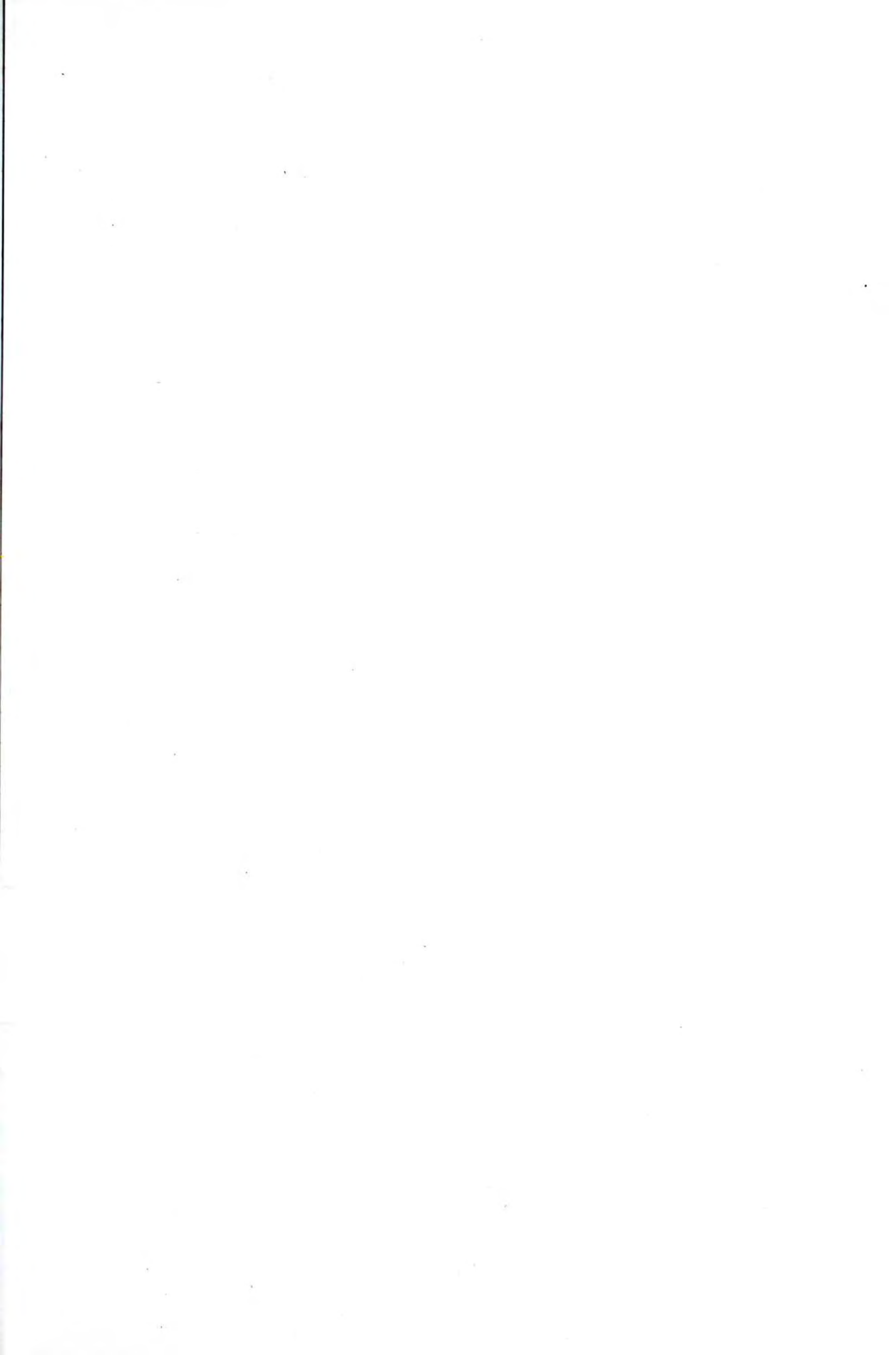
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